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SMUCKER J M CO
Form S-4/A
February 08, 2002

As filed with the Securities and Exchange Commission on February 8, 2002

Registration No. 333-73830

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

THE J. M. SMUCKER COMPANY
(Exact Name of Registrant as Specified in Its Charter)

OHIO	2033	34-0538550
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

STRAWBERRY LANE
ORRVILLE, OHIO 44667-0280
(330) 682-3000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of
Registrant's Principal Executive Offices)

STEVEN J. ELLCESSOR, ESQ.
VICE PRESIDENT -- FINANCE AND ADMINISTRATION
THE J. M. SMUCKER COMPANY
STRAWBERRY LANE
ORRVILLE, OHIO 44667-0280
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(Name, Address, Including Zip Code, and Telephone Number, Including Area Code,
of Agent for Service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC: As soon as practicable following the effective date of this registration statement and the date on which all other conditions to the merger of The Procter & Gamble Ohio Brands Company with and into The J. M. Smucker Company pursuant to the merger agreement described in the enclosed document have been satisfied or waived.

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

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

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

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PROXY STATEMENT-PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROXY STATEMENT-PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION , 2002

[SMUCKERS LOGO]

You are cordially invited to attend The J. M. Smucker Company's Special Meeting of Shareholders at 11:00 a.m. Eastern Standard Time, on , , 2002, at The Arden Shisler Center for Education & Economic Development, 1625 Wilson Road, Wooster, Ohio (adjacent to Fisher Auditorium on the campus of the Ohio Agricultural Research and Development Center). A map showing the location of The Arden Shisler Center for Education & Economic Development is on the back cover. A notice of the special meeting and the proxy statement follow.

At the meeting, you will be asked to approve a proposal to merge the Jif peanut butter and Crisco shortening and oils businesses of The Procter & Gamble Company into Smucker and to amend Smucker's articles in connection with the merger. In the merger, shareholders of Smucker and shareholders of P&G will receive new Smucker common shares. In certain events, shareholders of Smucker may receive cash for some of their Smucker shares in the merger. In the merger,

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Smucker expects to issue approximately 49,370,000 new Smucker common shares, representing the combined business operations of Smucker and P&G's Jif and Crisco businesses. After the merger, we expect that between 45 - 47.5% of the new Smucker shares will be owned by current Smucker shareholders and between 52.5 - 55% of the new Smucker shares will be owned by P&G shareholders. The new Smucker shares will have different voting rights than your existing Smucker shares. For example, your new Smucker shares will entitle you to ten votes only with respect to certain specified matters, such as mergers, sales of all, or substantially all, of our assets, and amendments to our articles of incorporation and regulations. With respect to all other matters, including the election of directors, the new Smucker shares will be entitled to one vote per share. All new Smucker common shares issued in the merger will be listed on The New York Stock Exchange under our current symbol "SJM."

Your board of directors believes that the merger and the combination of these three strong icon brands -- Smucker's, Jif and Crisco -- should enhance shareholder value by creating a new and exciting company with a leading position in three food categories, excellent earnings power, and a strong financial position to pursue new product development and acquisition opportunities. Your board of directors also believes that the merger should increase the liquidity and trading volume of our common shares and expand our investor base. YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSED MERGER.

Your participation in this special meeting, either in person or by proxy, is very important. If you are a record holder of common shares, you will find enclosed a proxy card(s) with a return envelope. For more information concerning voting by proxy, please see the section of this document beginning on page entitled "Voting by Proxy." We encourage you to read this entire document carefully. This document provides you with detailed information about the special meeting, the terms of the merger, and the Jif and Crisco businesses. IN PARTICULAR, YOU SHOULD READ THE "RISK FACTORS" SECTION BEGINNING ON PAGE FOR A DESCRIPTION OF SOME OF THE RISKS YOU SHOULD CONSIDER IN EVALUATING THE PROPOSED MERGER. You may also obtain information about Smucker from publicly available documents that we have filed with the Securities and Exchange Commission. See "Where You Can Find More Information" beginning on page .

It is very important that your shares be represented and voted at the special meeting, regardless of whether you plan to attend in person. PLEASE COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY CARD(S) AT YOUR EARLIEST CONVENIENCE. We are very excited about the opportunities the proposed merger brings, and we thank you for your consideration and continued support.

Sincerely,

/s/ Timothy P. Smucker
Chairman and
Co-Chief Executive Officer

/s/ Richard K. Smucker
President and
Co-Chief Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NEW SMUCKER COMMON SHARES TO BE ISSUED IN THE MERGER OR DETERMINED THAT THIS PROXY STATEMENT-PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this proxy statement-prospectus is February , 2002,

and it is first being mailed to shareholders on or about February , 2002.

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PRELIMINARY COPY

THE J. M. SMUCKER COMPANY
STRAWBERRY LANE
ORRVILLE, OHIO 44667-0280

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

A Special Meeting of Shareholders of The J. M. Smucker Company will be held at 11:00 a.m., Eastern Standard Time, on _____, _____, 2002. The purposes of the special meeting are for you to consider and vote upon:

- A proposal to approve the merger of a wholly owned subsidiary of Procter & Gamble, which will hold the Jif and Crisco businesses, into Smucker with Smucker as the surviving company, and to amend Smucker's articles in connection with the merger, by adopting the merger agreement relating to the merger; and
- To consider any other matter that may properly come before the meeting.

Please note that admission to the meeting will be by admission card only. If you plan to attend the meeting, you may obtain an admission card as follows:

- If you are a record holder of common shares, please mark the appropriate box on the enclosed proxy card(s) so that we can mail an admission card to you in advance of the meeting.
- If you are not a record holder, but instead hold your common shares in the name of your broker, bank or other nominee, write to our corporate secretary to request an admission card and furnish proof of shareholder status, such as a bank or brokerage firm account statement.

All shareholders WITH ADMISSION CARDS are cordially invited to attend the special meeting, although only those shareholders of record at the close of business on Friday, February 8, 2002, are entitled to notice of the special meeting and to vote at the meeting or any adjournment or postponement of the meeting.

Smucker shareholders who do not vote in favor of the merger and who otherwise comply with the requirements of Ohio law will be entitled to dissenters' rights. If you vote in favor of the merger, or if you submit a signed proxy that does not indicate how you wish to vote your shares, you will not have dissenters' rights. A summary of the applicable Ohio law provisions, including the requirements a Smucker shareholder must follow in order to exercise his or her dissenters' rights is contained in this document. A copy of the applicable Ohio law provisions is attached as Annex E to this document.

STEVEN J. ELLCESSOR
Vice President -- Finance and
Administration,
Secretary, and General Counsel

PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD(S).

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If you have questions, contact
Georgeson Shareholder Communications, Inc.
Call Toll-Free: (866) 841-8464

Orrville, Ohio, February , 2002

YOUR VOTE IS IMPORTANT. PLEASE RETURN YOUR SIGNED
AND DATED PROXY CARD(S) AT YOUR EARLIEST CONVENIENCE.

REFERENCES TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about Smucker from other documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this document by accessing the Securities and Exchange Commission's website maintained at "www.sec.gov" or by requesting copies in writing or by telephone from Smucker at the following address:

The J. M. Smucker Company
Strawberry Lane
Orrville, Ohio 44667-0280
Attention: Investor Relations
(330) 682-3000

IF YOU WOULD LIKE TO REQUEST DOCUMENTS, PLEASE DO SO BY MARCH __, 2002 IN ORDER TO RECEIVE THEM BEFORE OUR SPECIAL MEETING OF SHAREHOLDERS. WE WILL MAIL THE DOCUMENTS YOU REQUEST BY FIRST CLASS MAIL, OR ANOTHER EQUALLY PROMPT MEANS, BY THE NEXT BUSINESS DAY AFTER WE RECEIVE YOUR REQUEST.

See "Where You Can Find More Information" beginning on page .

TABLE OF CONTENTS

	PAGE

Summary.....	1
Questions and Answers About the Special Meeting.....	1
Smucker.....	5
The Procter & Gamble Ohio Brands Company.....	5
The Merger.....	6
Merger Consideration.....	6
Amended Articles of Incorporation.....	9
Board of Directors Recommendation to Shareholders.....	9
Fairness Opinion of William Blair & Company, L.L.C.....	9
Shareholders Agreement.....	10
Ancillary Agreements.....	10
Listing of New Smucker Common Shares.....	10

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Financial Summary.....	11
Market Price Data and Dividends.....	11
Dividend Policy.....	11
Selected Historical Financial Data of Smucker.....	12
Selected Combined Historical Financial Data of the Jif and Crisco Businesses.....	13
Selected Unaudited Condensed Combined Pro Forma Financial Data of Smucker.....	14
Comparative Per Share Data.....	14
Risk Factors.....	15
Special Note Regarding Forward-Looking Statements.....	18
The Merger.....	19
Background of the Merger.....	19
Reasons for the Merger; Recommendation of the Smucker Board.....	22
Opinion of Smucker's Financial Advisor.....	24
Stock Exchange Listing.....	32
Material United States Federal Income Tax Consequences of the Merger.....	32
Consequences of the Merger.....	33
Accounting Treatment.....	33
Regulatory Approvals.....	34
Dissenters' Rights.....	34
The Special Meeting.....	36
Purpose, Time and Place.....	36
Record Date; Voting Information.....	36
Voting by Proxy.....	37
Revocation of Proxies.....	38
Share Ownership of Management and Certain Shareholders....	38
Solicitation of Proxies.....	38
Business of Smucker.....	39
Overview and Products.....	39
Employees.....	41
Legal Proceedings.....	41
Properties.....	41
Management's Discussion and Analysis of Financial Condition and Results of Operations of the Jif and Crisco Businesses of the Procter & Gamble Company.....	42
Combined Statements of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses.....	43

PAGE

The Merger Agreement.....	46
Summary of the Transactions.....	46
General.....	46
Timing of Closing.....	46
Articles of Incorporation and Regulations of Smucker.....	46
Board of Directors and Officers of Smucker Following the Completion of the Merger.....	46
Merger Consideration; Conversion of Shares.....	46
Exchange Agent; Procedures for Exchange of Certificates; Fractional Shares.....	48
Representations and Warranties.....	48

Edgar Filing: SMUCKER J M CO - Form S-4/A

Covenants.....	49
Conditions to the Completion of the Merger.....	53
Termination of the Merger Agreement.....	55
Effect of Termination; Termination Fees.....	56
The Contribution Agreement.....	57
Summary of the Transactions.....	57
General.....	57
Contribution and Transfer of the Jif and Crisco Businesses and the Assumption of Liabilities.....	57
Representations and Warranties.....	59
Covenants.....	60
Indemnification and Arbitration.....	60
The Shareholders Agreement.....	61
Agreement to Vote and Proxy.....	61
Restrictions on Transfer.....	62
Standstill.....	62
Termination.....	62
Ancillary Agreements.....	63
Transitional Services Agreement.....	63
Manufacturing Plant Separation Agreement.....	63
Tax Sharing Agreement.....	65
Comparison of the Rights of Smucker Shareholders Before and After the Merger.....	66
Experts.....	67
Legal Matters.....	67
Tax Matters.....	67
Submission of Future Shareholder Proposals.....	67
Where You Can Find More Information.....	68
Smucker SEC Filings.....	69
Index to Financial Statements.....	F-1
ANNEXES	
Merger Agreement (as amended).....	A-1
Contribution Agreement.....	B-1
Shareholders Agreement.....	C-1
William Blair Opinion.....	D-1
Sections 1701.84 and 1701.85 of the Ohio Revised Code.....	E-1
Amended Articles of Incorporation.....	1-F

ii

SUMMARY

This summary of the information contained in this document may not include all the information that is important to you. To understand fully the proposed merger of the Jif and Crisco businesses with Smucker, and for a more complete description of the terms and conditions of the merger, you should read this entire document and the documents to which we have referred you. See "Where You can Find More Information" (page). We have included page references parenthetically to direct you to a more complete description of each topic presented in this summary.

I. QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

GENERAL

Q: ON WHAT AM I BEING ASKED TO VOTE?

A: You are being asked to approve the merger of Procter & Gamble's Jif and

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Crisco businesses with and into Smucker (page).

Q: WHY AM I BEING ASKED TO VOTE?

A: Your vote is required under both Ohio corporate law and the rules of The New York Stock Exchange.

- Ohio corporate law requires your approval of the merger through adoption of the agreement and plan of merger, which also acts as approval of the changes to our articles of incorporation that will result from the merger.

- The rules of The New York Stock Exchange require your approval for the issuance of shares in connection with the merger.

Your vote on the merger will fulfill both requirements.

Q: WHO IS ELIGIBLE TO VOTE?

A: You are eligible to vote your Smucker common shares at the special meeting if you were a shareholder of record of those shares at the close of business on February 8, 2002 (page).

MERGER OF THE JIF AND CRISCO BUSINESSES WITH AND INTO SMUCKER

Q: WHY SHOULD I VOTE IN FAVOR OF THE MERGER OF THE JIF AND CRISCO BUSINESSES WITH AND INTO SMUCKER?

A: The combination of these three icon brands, Smucker's, Jif and Crisco -- all with leading market positions -- will create a new and exciting company with a leading position in three food categories. Smucker believes that the merger should enhance shareholder value by significantly increasing its earnings power, strengthening its position in the minds of consumers, and helping it to better serve its retail customers. Smucker also believes that the combined company will be well-positioned to pursue new product development and acquisition opportunities. See "The Merger -- Reasons for the Merger; Recommendation of the Smucker Board" (page).

Q: WHAT IS THE POSITION OF THE SMUCKER BOARD OF DIRECTORS REGARDING THE MERGER OF THE JIF AND CRISCO BUSINESSES INTO SMUCKER?

A: Your board of directors has unanimously approved the merger and recommends that you vote FOR the proposed merger (page).

Q: WHAT WILL HAPPEN IN THE PROPOSED MERGER?

A: P&G will spin off its Jif and Crisco businesses to its shareholders, and immediately thereafter those businesses will merge with and into Smucker. Smucker will survive the merger as a stand-alone company and will hold and conduct the combined business operations of Smucker's, Jif and Crisco. Following the merger, we expect that P&G shareholders will hold between 52.5 - 55% of the outstanding new Smucker common shares (page).

In addition, current Smucker shareholders will exchange Smucker shares they currently own for a number of new Smucker common shares. These new shares will have different voting rights than existing Smucker common shares. Smucker's existing common shares have time phase voting rights, pursuant to

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which each holder of a Smucker common share is generally entitled to ten votes on each matter properly submitted to the shareholders for their approval. If, though, there has been a change in beneficial ownership of a Smucker common share during the prior four years, the current owner of that share is entitled to only one vote with respect to that share until four years pass without a change in beneficial ownership of that share. The new Smucker common shares will entitle the holder to time phase voting rights only with respect to certain specified matters, such as mergers, sales of all, or substantially all, of Smucker's assets, and amendments to Smucker's articles of incorporations and regulations. With respect to all other matters, including the election of directors, the new Smucker common shares will be entitled to one vote per share no matter how long the shares have been beneficially owned.

Q: HOW MANY VOTES ARE NEEDED TO APPROVE THE MERGER?

A: The merger requires the approval of at least two-thirds of the voting power of our common shares, giving effect to ten-vote shares. If you do not vote, it will have the same effect as a vote against the merger.

Under our current time phase voting right provisions, each Smucker common share will have ten votes on the merger proposal and each other matter to be considered at the special meeting, if any, unless there has been a change in beneficial ownership of that common share during the four years immediately preceding February 8, 2002. In the event that there has been a change in beneficial ownership of a share during those four years, the current owner of that share will have only one vote with respect to that share (page).

Our directors, executive officers, and several members of the Smucker family have indicated that they intend to vote their Smucker common shares FOR the merger. Several of these Smucker family members have also entered into an agreement with P&G that requires them to vote for the merger and grants to P&G a proxy to vote their shares in favor of the merger. As of February 8, 2002, Smucker's directors, executive officers, and Smucker family members that entered into the voting agreement with P&G were entitled to vote approximately 6,095,175 Smucker common shares, or approximately 25% of the outstanding Smucker common shares, representing in the aggregate, approximately 54% of the voting power of the outstanding Smucker common shares, based on Smucker's current best estimate of the voting power of these shareholders under Smucker's current time phase voting structure (page).

Q: IF THE MERGER IS APPROVED, WHAT ARE THE SIGNIFICANT CONDITIONS TO ITS COMPLETION?

A: If the merger is approved, its completion is subject to the satisfaction of a number of conditions, including P&G's receipt of certain tax rulings from the Internal Revenue Service and Smucker shareholders' receipt of at least 45% of the new Smucker common shares to be issued in the merger (page).

Q: WHAT WILL SMUCKER SHAREHOLDERS RECEIVE IN THE MERGER IF IT IS APPROVED?

A: In the merger, current Smucker common shares will be converted into new Smucker common shares. Smucker will hold and conduct the combined business operations of Smucker, Jif and Crisco.

If P&G receives all of its requested tax rulings, we expect that Smucker shareholders will receive approximately 0.96 new Smucker common shares

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following the merger for each Smucker common share held as of the record date for the distribution.

If P&G does not obtain all of the requested tax rulings, all Smucker shareholders will receive a cash payment in an amount necessary to satisfy P&G that those tax rulings are not required, and the number of new Smucker common shares they receive in the merger will be decreased ratably to reflect the amount of cash received. Although we will not have a final determination until just prior to closing, we expect that the cash amount to be paid to Smucker shareholders will not exceed \$2.05 per share even if P&G does not obtain any of the requested tax rulings. In that situation, we would expect

2

that Smucker shareholders would receive approximately 0.87 new Smucker common shares following the merger for each current Smucker common share held as of the record date for the distribution (page).

No fractional new Smucker common shares will be issued to Smucker shareholders in the merger. Smucker shareholders that would otherwise be entitled to a fraction of a new Smucker common share will receive a cash payment in lieu of issuance of that fractional share. Following the merger, we expect that between 45 - 47.5% of the outstanding Smucker common shares will be held by current Smucker shareholders.

Q: WHY WILL I RECEIVE LESS THAN ONE WHOLE NEW SMUCKER COMMON SHARE FOR EACH OF MY CURRENT SMUCKER COMMON SHARES?

A: Immediately after the completion of the merger, the percentage of Smucker common shares to be held by Smucker shareholders and P&G shareholders will be based upon the agreement of the parties as set forth in the merger agreement, which reflects economic and tax considerations. This agreement, which calls for each P&G shareholder to receive one new Smucker common share for every 50 P&G common shares, will result in an exchange of one Smucker common share held as of the record date for the distribution into less than one new Smucker common share. Although you will receive less than one new Smucker common share for each of your existing shares, the new shares that you will receive will reflect the value of Smucker after the merger. With the addition of Jif and Crisco, Smucker will have significantly greater assets, revenues, and earnings on a pro forma basis. Management believes that this will result in a value for Smucker, and, therefore for your shares, that will be greater after the merger than before the announcement of the merger.

Q: HOW WILL MY RIGHTS AS A SMUCKER SHAREHOLDER DIFFER AFTER THE MERGER?

A: After the merger, your rights as a holder of new Smucker common shares will be governed by the articles of incorporation attached to this document as Annex F, rather than our current articles of incorporation. Under the time phase voting provisions of our current articles, Smucker shareholders that have held their shares for four years are entitled to ten votes for each of those shares on all matters submitted to Smucker shareholders for approval. The time phase voting provisions of the articles of incorporation that will be in effect following the merger would limit the situations in which eligible shareholders can exercise ten votes per share to certain specified matters, such as mergers, change of control transactions, sales of all, or substantially all, of our assets, and amendments to our articles and regulations other than any amendment that increases the number of votes to which holders of new Smucker common shares are entitled or expand the matters to which time phase voting applies. With respect to all other

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matters, including the election of directors, shares under the new articles of incorporation will be entitled to one vote per share (page).

Q: WHAT WILL P&G SHAREHOLDERS RECEIVE IN THE MERGER IF IT IS APPROVED?

A: As a result of the merger, P&G shareholders will receive one new Smucker common share for every 50 P&G common shares that they held as of the record date for the distribution of the Jif and Crisco businesses to P&G shareholders. No fractional new Smucker common shares will be issued to P&G shareholders in the merger. P&G shareholders that otherwise would be entitled to a fraction of a new Smucker common share will receive a cash payment in lieu of issuance of that fractional share (page). Following the merger, we expect that between 52.5 - 55% of the outstanding new Smucker common shares will be held by P&G shareholders.

Q: ARE THERE RISKS ASSOCIATED WITH THE MERGER?

A: Yes. We may not achieve the expected benefits of the merger because of the risks and uncertainties discussed in the section entitled "Risk Factors" starting on page and the section entitled "Special Note Regarding Forward-Looking Statements" starting on page . Those risks include risks relating to the uncertainty that we will be able to integrate the Jif and Crisco businesses successfully and uncertainties relating to the performance of the businesses following the completion of the merger.

3

Q: WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?

A: If the merger is approved, we expect to complete the merger as soon as possible after the satisfaction of the conditions to the merger, including P&G's receipt of its requested rulings from the IRS. We currently anticipate that the merger will be completed during the first or second calendar quarter of 2002 (page).

Q: IF I DO NOT VOTE IN FAVOR OF THE MERGER, WILL I HAVE DISSENTERS' RIGHTS?

A: You will be entitled to statutory dissenters' rights if you do not vote in favor of the merger and you follow the procedures described in this document to assert your dissenters' rights (page). If you vote in favor of the merger, or submit a signed proxy that does not indicate how you wish to vote your shares, you will not have dissenters' rights.

Q: WHAT ARE THE MATERIAL FEDERAL INCOME TAX CONSEQUENCES TO ME RESULTING FROM THE MERGER?

A: The conversion of your current Smucker common shares into new Smucker common shares in the merger should be a tax-free event to you under the federal income tax laws. In some circumstances, you may receive some cash in addition to new Smucker common shares. In that case, the cash you receive will generally be taxable. You will also receive cash in lieu of any fractional shares issuable to you in the merger. You will generally recognize a gain or loss due to the merger equal to the difference between the amount of cash and the tax basis allocated to the fractional share (page).

WE ENCOURAGE YOU TO CONSULT YOUR OWN TAX ADVISOR FOR A FULL UNDERSTANDING OF THE TAX CONSEQUENCES OF THE MERGER TO YOU.

PROCEDURES

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Q: WHAT SHOULD I DO NOW?

A: YOU SHOULD MAIL YOUR SIGNED AND DATED PROXY CARD(S) IN THE ENCLOSED ENVELOPE AS SOON AS POSSIBLE SO THAT YOUR SHARES WILL BE REPRESENTED AND VOTED AT THE SPECIAL MEETING. If you plan to attend the special meeting, please be sure to obtain an admission card.

Q: DO I NEED TO SEND IN MY SHARE CERTIFICATES NOW?

A: Do NOT send in your share certificates now. Do NOT send in your share certificate with your proxy card(s). If the merger is approved, we will send you a letter describing how to exchange your share certificates after the merger is completed.

Q: IF I AM NOT GOING TO ATTEND THE SPECIAL MEETING, SHOULD I RETURN MY PROXY CARD(S)?

A. YES. Returning your proxy card(s) ensures that your shares will be represented at the special meeting, even if you are unable to or do not attend.

Q: CAN I CHANGE MY VOTE AFTER I MAIL MY PROXY CARD(S)?

A: Yes. If you are a record holder, you can change your vote by:

- sending a written notice to the corporate secretary of Smucker that is received prior to the special meeting and states that you revoke your proxy;
- signing a new proxy card(s) and returning it by mail to our transfer agent so that it is received prior to the special meeting; or
- obtaining an admission card, attending the special meeting, and voting in person.

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

Q: WHAT IF MY SHARES ARE HELD IN "STREET NAME" BY MY BROKER?

A: Your broker will vote your shares with respect to the merger only if you provide written instructions to your broker on how to vote, so it is important that you provide your broker with instructions. If you

4

do not provide your broker with instructions, under the rules of The New York Stock Exchange, your broker will not be authorized to vote with respect to the merger. To ensure that your broker receives your instructions, we suggest that you send them in the envelope enclosed with the instructions. If you wish to vote in person at the meeting, and hold your shares in your broker's name, you must contact your broker and request a document called a "legal proxy." You must bring this legal proxy to the meeting in order to vote in person.

Q: WHAT IF I DO NOT VOTE, ABSTAIN FROM VOTING, OR DO NOT INSTRUCT MY BROKER TO VOTE MY SHARES?

A: If you do not vote, it will have the same effect as a vote against the merger. Abstentions and broker non-votes will also have the effect of votes against the merger.

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If you sign your proxy card but do not indicate how you want to vote, your shares will be voted for the merger. If your shares are voted for the merger you will lose your right to exercise dissenters' rights.

Q: WHO CAN ANSWER MY QUESTIONS?

A: If you have any questions regarding the special meeting or need assistance in voting your shares, please contact our proxy solicitor:

Georgeson Shareholder Communications, Inc.
111 Commerce Road
Carlstadt, New Jersey 07072-2586
Telephone: (866) 841-8464

or

The J. M. Smucker Company
Strawberry Lane
Orrville, Ohio 44667-0280
Attn: Investor Relations
Telephone: (330) 682-3000

All other questions should be directed to:

The J. M. Smucker Company
Strawberry Lane
Orrville, Ohio 44667-0280
Attn: Office of the Corporate Secretary
Telephone: (330) 682-3000

Q: WHERE CAN I FIND MORE INFORMATION ABOUT SMUCKER?

A: You can find more information about Smucker from various sources described under "Where You Can Find More Information" starting on page .

II. ADDITIONAL INFORMATION

SMUCKER

Smucker, an Ohio corporation, manufactures and markets food products on a worldwide basis. Smucker's principal products are fruit spreads, dessert toppings, fruit and vegetable juices, juice beverages, natural peanut butter, industrial fruit products such as bakery and yogurt fillings, syrups, condiments, and gift packages.

The J. M. Smucker Company
Strawberry Lane
Orrville, Ohio 44667-0280
(330) 682-3000

THE PROCTER & GAMBLE OHIO BRANDS COMPANY

The Procter & Gamble Ohio Brands Company is a wholly owned subsidiary of The Procter & Gamble Company that will hold the Jif peanut butter and Crisco shortening and oils businesses of P&G at

the time of the merger. We will refer to The Procter & Gamble Ohio Brands Company as "P&G Ohio" throughout this document.

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The Procter & Gamble Ohio Brands Company
c/o The Procter & Gamble Company
One Procter & Gamble Plaza
Cincinnati, Ohio 45201
(513) 983-1100

JIF AND CRISCO

The Jif peanut butter brand has been a leader in the stabilized peanut butter category for over 20 years. The Jif brand had 34% of the stabilized peanut butter sales in the United States in calendar year 2000. The Jif business includes such products as Jif peanut butter in Regular, Reduced Fat and Simply Jif varieties, and Jif Smooth Sensations in Apple Cinnamon, Chocolate Silk, and Berry Blend varieties.

Crisco has been a leader in the shortening and cooking oils category for over 50 years. Crisco products were introduced in 1911 and now include shortening, sprays and cooking oils. The Crisco brand had 24% of the shortening, cooking oils, and sprays sales in the United States in calendar year 2000.

The Jif and Crisco businesses together have approximately 350 employees and have combined net revenues of approximately \$615.3 million.

THE MERGER (PAGE)

In connection with the merger, P&G will transfer and contribute its Jif and Crisco businesses to P&G Ohio pursuant to the terms of a contribution agreement. See "The Contribution Agreement" beginning on page . Immediately prior to the merger, P&G will spin off P&G Ohio by distributing all of the P&G Ohio common shares to P&G shareholders on a pro rata basis. P&G Ohio will then be merged with and into Smucker in accordance with the terms of a merger agreement. See "The Merger Agreement" beginning on page . As noted below under "Merger Consideration," P&G shareholders will receive one new Smucker common share for every 50 P&G shares that they hold and Smucker shareholders will receive approximately 0.96 new Smucker common shares for each Smucker common share they hold. In certain circumstances, Smucker shareholders will receive a cash payment, and the number of new Smucker common shares they receive in the merger will be reduced ratably to reflect the amount of cash received.

After the merger, Smucker will operate the Jif and Crisco businesses under their current brand names, and will also continue its current businesses and retain its current brand names. Smucker will continue to use the name "The J. M. Smucker Company" after the merger.

The new Smucker common shares will have time phase voting rights, but only with respect to certain specified matters, such as mergers, sales of all, or substantially all, of our assets, change of control transactions, and amendments to our articles of incorporation and regulations. With respect to all other matters, including the election of directors, the new Smucker common shares will be entitled to one vote per share. All new Smucker common shares issued in the merger will be listed on The New York Stock Exchange and will initially be ten-vote shares for time phase voting purposes.

We encourage you to read the agreements that govern the merger, which are attached as Annexes A and B to this document, because they set forth the terms of the transfer of the Jif and Crisco businesses to P&G Ohio and the merger of P&G Ohio into Smucker.

MERGER CONSIDERATION (PAGE)

SMUCKER SHAREHOLDERS

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The number of new Smucker common shares you will receive and whether you will receive a cash payment in the merger will depend on whether P&G obtains certain tax rulings it has requested from the IRS. P&G's ruling request was submitted to the IRS on November 19, 2001. The parties expect that the

6

earliest P&G would receive a response from the IRS would be three or four months following the submission. Consequently, the IRS response may not be received until after our special meeting.

- If P&G receives all of the tax rulings it has requested, Smucker shareholders will receive in the aggregate approximately 47.5% of the new Smucker common shares to be issued in the merger. In that case, we expect that you will receive approximately 0.96 new Smucker common shares for each Smucker common share that you hold as of the record date for the special meeting and that you would not receive any cash payment other than cash paid in lieu of issuing fractional shares.
- If P&G does not receive certain tax rulings it has requested and decides to complete the merger anyway, Smucker shareholders could, under the terms of the merger agreement, receive in the aggregate as few as 45% of the new Smucker common shares to be issued in the merger. In that case, we expect that you would receive approximately 0.87 new Smucker common shares and between \$1.40 to \$2.05 in cash for each Smucker common share that you hold as of the record date for the special meeting in addition to the cash paid in lieu of issuing fractional shares, depending on the average closing price of Smucker common shares prior to the closing of the merger. This cash payment and any cash that you receive in lieu of fractional shares will generally be taxable to you. See "Material United States Federal Income Tax Consequences of the Merger" on page .

For example, if you own 1,000 Smucker common shares as of the record date for the distribution we expect that you would receive the following:

	APPROXIMATE NUMBER OF NEW SMUCKER COMMON SHARES	APPROXIMATE AMOUNT OF CASH
	-----	-----
All requested tax rulings received....	960	-0-
No requested tax rulings received.....	870	\$1,400 - 2,050*

* Amount of cash will depend on the closing price for Smucker's common shares for the five-day period ending two trading days prior to the effective date of the merger.

If P&G receives some, but not all, of the tax rulings it has requested, the number of new Smucker common shares you will receive and the amount of cash you will receive will fall between the above examples.

The examples given above assume that the number of Smucker common shares and P&G common shares outstanding on the closing of the merger remains the same as were outstanding on November 30, 2001 and December 31, 2001, respectively. The number of outstanding shares may, however, change prior to closing through the exercise of stock options under the companies respective employee benefit

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plans or stock repurchases made by P&G. For a more complete description of the consideration to be received by Smucker shareholders, see "The Merger Agreement -- Merger Consideration; Conversion of Shares."

P&G OHIO SHAREHOLDERS

In the merger, P&G shareholders holding shares of P&G Ohio will receive one new Smucker common share for every 50 common shares of P&G that they held on the record date for the distribution of shares of P&G Ohio to the holders of P&G shares.

CONDITIONS TO THE COMPLETION OF THE MERGER (PAGE)

The merger will be completed if a number of conditions are met (or in the case of the last three bulleted points, waived) including the following:

- we receive the required approval of our shareholders;
- no injunction or order would make completion of the merger unlawful;
- The New York Stock Exchange approves our listing of the new Smucker common shares;

7

- the registration statement we have filed with the Securities and Exchange Commission in connection with the issuance of the new Smucker common shares in the merger becomes effective;
- all necessary governmental approvals are obtained;
- the representations and warranties of each party are true and correct in all respects except where the failure to be true and correct would not have a material adverse effect on the business of Smucker or the Jif and Crisco businesses, as the case may be;
- the performance by each party in all material respects of all covenants required to be performed by it under the merger agreement and related transaction agreements; and
- the receipt by each of P&G and Smucker of a written opinion from its tax advisor that the merger will be tax-free to its shareholders.

In addition, we do not have to complete the merger unless the following conditions are met (each of which may be waived by us):

- our shareholders receive in the aggregate at least 45% of the new Smucker common shares to be issued in the merger; and
- P&G transfers the Jif and Crisco businesses to P&G Ohio and completes the spin-off of P&G Ohio to its shareholders.

Further, P&G does not have to complete the merger unless the following conditions are met (each of which may be waived by P&G):

- P&G receives a letter ruling from the IRS with respect to certain specified issues relating to the tax treatment of the transactions to P&G and its shareholders; and
- the total amount of cash to be paid to Smucker shareholders in the

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merger, if P&G does not obtain certain other rulings from the IRS requested in its ruling request, does not exceed \$50 million.

TERMINATION OF THE MERGER AGREEMENT (PAGE)

Smucker and P&G may agree to terminate the merger agreement at any time, including after the special meeting of Smucker's shareholders. In addition, either party may terminate the merger agreement if:

- the other party breaches its representations, warranties, covenants or agreements under the merger agreement in a material respect and does not or cannot cure the breach;
- a governmental order prohibits the merger;
- the parties do not complete the merger by June 30, 2002; or
- we do not receive the required approval of our shareholders.

In addition, Smucker may terminate the merger agreement if P&G breaches its representations, warranties, covenants or agreements under the contribution agreement in a material respect and does not or cannot cure the breach.

In addition, P&G may terminate the merger agreement if:

- our board of directors changes or fails to confirm its recommendation that you vote in favor of the merger; or
- the value of the new Smucker common shares to be issued to P&G shareholders in the merger (based on the trading price of our shares) is less than \$715 million in the aggregate. We currently expect that P&G shareholders will receive \$803,590,158 of new Smucker common shares in the aggregate, based upon 49,370,000 new Smucker common shares expected to be issued in the merger, P&G shareholders receiving 52.54% of those shares, and a Smucker common share price

8

on February 6, 2002 of \$30.98. P&G shareholders may receive more or less than this amount based upon the results of P&G's requested tax rulings from the IRS and fluctuations in our stock price. See "The Merger Agreement -- Merger Consideration; Conversion of Shares" and "The Merger Agreement -- Termination of the Merger Agreement" beginning on pages and , respectively.

Termination Fees. We must pay P&G a fee of \$20 million if P&G terminates the merger agreement because our board of directors changes or fails to confirm its recommendation that you vote for the merger. In addition, we must pay P&G a fee of \$10 million if P&G terminates the merger agreement because our shareholders do not approve the merger and a competing transaction has been publicly announced prior to the special meeting.

AMENDED ARTICLES OF INCORPORATION (PAGE)

If the merger is completed, the articles of incorporation of Smucker will be in the form attached as Annex F to this document. Those articles differ from our current articles in that holders of new Smucker common shares will have time

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phase voting rights only with respect to the following specified matters submitted to the shareholders:

- any matter that relates to or would result in the dissolution or liquidation of Smucker;
- the amendment of the articles of incorporation or regulations of Smucker other than any amendment that increases the number of votes to which holders of new Smucker common shares are entitled or expand the matters to which time phase voting applies;
- any proposal or other action to be taken by Smucker shareholders relating to Smucker's shareholder rights plan or any successor plan;
- any matter relating to any benefit, stock option, compensation or other similar plan;
- any matter that relates to or may result in a change in control of Smucker including any merger, consolidation, majority share acquisition, control share acquisition, sale or other disposition of all, or substantially all, of Smucker's assets; or
- any matter relating to the issuance, redemption or repurchase of shares of Smucker or any of its subsidiaries.

With respect to all other matters, including the election of directors, all new Smucker common shares will be entitled to one vote per share under the new articles of incorporation.

BOARD OF DIRECTORS RECOMMENDATION TO SHAREHOLDERS (PAGE)

Your board of directors has unanimously approved the merger and has determined that the terms of the merger are fair to, and in the best interests of, Smucker and its shareholders. Accordingly, your board of directors unanimously recommends that you vote FOR the merger.

FAIRNESS OPINION OF WILLIAM BLAIR & COMPANY, L.L.C. (PAGE)

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

Pursuant to a letter agreement dated June 4, 2001, William Blair was paid a fee of \$400,000 for its role as financial advisor. In addition, under the terms of the June 4, 2001 letter agreement, William Blair will receive an additional fee of \$1,600,000 contingent upon the closing of the merger. Smucker has also agreed to reimburse William Blair for all of its out-of-pocket expenses reasonably incurred by it in

connection with its services to Smucker under the letter agreement and will indemnify William Blair against potential liabilities arising out of its engagement.

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SHAREHOLDERS AGREEMENT (PAGE)

In connection with the merger, several Smucker family members entered into an agreement with P&G that requires them to vote for the merger and grants to P&G a proxy to vote their shares:

- in favor of the adoption of the merger agreement and the issuance of new Smucker common shares pursuant to the merger;
- against the approval of any action, agreement, or proposal that would result in Smucker breaching the merger agreement or that would delay the completion of the merger or that would prevent fulfillment of a condition to any party's obligation to complete the merger; and
- against any action, agreement, or proposal made in opposition to or in competition with the issuance of new Smucker common shares pursuant to the merger and the completion of the merger, including any competing transaction or superior proposal.

As of the record date for the special meeting, the shareholders that are a party to the shareholders agreement are estimated by Smucker to hold approximately 52% of the voting power of Smucker under our current time phase voting structure.

ANCILLARY AGREEMENTS (PAGE)

In connection with the merger, Smucker and P&G entered into a transitional services agreement and will enter into a manufacturing plant separation agreement to aid in the transition of the Jif and Crisco businesses from P&G to Smucker. Smucker and P&G will also enter into a tax sharing agreement relating to the allocation of certain tax obligations.

LISTING OF NEW SMUCKER COMMON SHARES (PAGE)

The new Smucker common shares to be issued in the merger will be listed on The New York Stock Exchange and will trade under our current symbol, "SJM."

FINANCIAL SUMMARY

MARKET PRICE DATA AND DIVIDENDS

Our common shares are currently traded, and will continue to be traded after the merger, on The New York Stock Exchange under the symbol "SJM." The following table sets forth the high and low sales prices of our common shares as reported by The New York Stock Exchange Composite Tape for the periods referenced below and also lists the dividends declared per Smucker common share for the periods indicated.

YEAR ENDED APRIL 30, -----	CLASS A COMMON SHARES (1) -----		DIVIDENDS -----	CLASS B COMMON SHARES (1) -----		DIVIDENDS -----
	HIGH	LOW		HIGH	LOW	

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2000						
First Quarter.....	\$25.75	\$20.06	\$0.15	\$22.50	\$17.13	\$0.15
Second Quarter.....	24.19	19.50	0.15	21.31	16.25	0.15
Third Quarter.....	21.38	17.00	0.15	17.88	15.13	0.15
Fourth Quarter.....	18.50	15.00	0.16	16.00	12.50	0.16
2001						
First Quarter.....	19.50	15.75	0.16	19.06	13.25	0.16
Second Quarter.....	19.31	17.88		19.25	17.63	
Third Quarter.....						
Fourth Quarter.....						
2002						
First Quarter.....						
Second Quarter.....						
Third Quarter.....						
Fourth Quarter (through February 7, 2002).....						

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

The last reported sales prices of our common shares as reported by The New York Stock Exchange Composite Tape on October 9, 2001 and February , 2002 were \$25.89 and \$, respectively. October 9, 2001 was the last full trading day prior to the public announcement of the merger. February , 2002 was the last full trading day prior to the printing of this document.

The Jif and Crisco businesses are P&G brands and do not trade separately from P&G common shares.

DIVIDEND POLICY

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

11

SELECTED HISTORICAL FINANCIAL DATA OF SMUCKER

The following table sets forth selected historical financial data of Smucker as of and for each of the periods indicated. Smucker derived the selected historical financial data for each of the periods presented from Smucker's audited consolidated financial statements and unaudited quarterly financial statements. This information is only a summary and you should read it in conjunction with the historical consolidated financial statements, and the related notes and "Management's Discussion and Analysis of the Financial Condition and Results of Operations," contained in our annual report on Form 10-K and Quarterly Reports on Form 10-Q and other information that we have filed with the Securities and Exchange Commission. See "Where You Can Find More Information." This information should also be read in conjunction with the unaudited condensed combined pro forma financial statements of Smucker, which you can find beginning on page F-1.

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	SIX MONTHS ENDED OCTOBER 31,		YEAR ENDED APRIL 30,			
	2001	2000	2001	2000	1999	1998
	(UNAUDITED)		(IN THOUSANDS, EXCEPT PER SHARE DATA)			
STATEMENT OF INCOME DATA:						
Net sales.....	\$342,636	\$336,165	\$651,242	\$641,885	\$612,662	\$574,85
Operating income(1).....	30,008	27,626	54,637	41,235	58,975	57,06
Income before cumulative effect of change in accounting method(1).....	\$ 16,251	\$ 15,767	\$ 31,659	\$ 26,357	\$ 37,763	\$ 36,34
Cumulative effect of change in accounting method(2) (3).....	--	(992)	(992)	--	--	(2,95
Net income.....	\$ 16,251	\$ 14,775	\$ 30,667	\$ 26,357	\$ 37,763	\$ 33,39
BALANCE SHEET DATA:						
Total assets.....	\$488,407	\$462,111	\$470,469	\$466,054	\$425,881	\$399,69
Long-term debt.....	135,000	135,000	135,000	75,000	--	--
Shareholders' equity.....	253,357	237,175	247,111	313,473	324,329	302,17
OTHER DATA:						
EARNINGS PER COMMON SHARE:						
Income before cumulative effect of change in accounting method(1).....	\$ 0.67	\$ 0.59	\$ 1.25	\$ 0.92	\$ 1.30	\$ 1.2
Cumulative effect of change in accounting method(2) (3).....	--	(0.04)	(0.04)	--	--	(0.1
Net income.....	\$ 0.67	\$ 0.55	\$ 1.21	\$ 0.92	\$ 1.30	\$ 1.1
Income before cumulative effect of change in accounting method -- assuming dilution(1).....	\$ 0.66	\$ 0.59	\$ 1.23	\$ 0.92	\$ 1.29	\$ 1.2
Cumulative effect of change in accounting method -- assuming dilution(2) (3).....	--	(0.04)	(0.04)	--	--	(0.1
Net income -- assuming dilution.....	\$ 0.66	\$ 0.55	\$ 1.19	\$ 0.92	\$ 1.29	\$ 1.1
Dividends declared per common share.....	\$ 0.32	\$ 0.32	\$ 0.64	\$ 0.61	\$ 0.57	\$ 0.5
Book value per common share.....	\$ 10.37		\$ 10.14			

(1) Includes, in the year ended April 30, 2001 and the six months ended October 31, 2000, a nonrecurring charge of \$2,152 (\$1,313 after tax) or \$0.05 per share relating to the sale of the former Mrs. Smith's real estate, and in the year ended April 30, 2000, nonrecurring charges of \$14,492 (\$9,626 after tax) or \$0.34 per share relating to the impairment of certain long-lived assets.

(2) Reflects, in the year ended April 30, 2001 and the six months ended October 31, 2000, the impact of adopting the provisions of the Securities and

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Exchange Commission's Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB 101). Had SAB 101 been retroactively applied to all periods presented, earnings per common share would have been \$0.01 lower in 1999.

- (3) Reflects, in the year ended April 30, 1998, the cumulative effect of adopting the provisions of the Emerging Issues Task Force of the Financial Accounting Standards Board Issue No. 97-13, Accounting for Costs Incurred in Connection with a Consulting Contract that Combines Business Process Reengineering and Information Technology Transformation (EITF 97-13).

12

SELECTED COMBINED HISTORICAL FINANCIAL DATA OF THE JIF AND CRISCO BUSINESSES

The following table sets forth selected combined historical financial data of the Jif and Crisco businesses for the periods indicated and represents the Jif and Crisco businesses on a combined basis while under the management of P&G. The selected combined historical financial data for each of the three years in the period ended June 30, 2001 have been derived from the audited "Combined Statements of Inventory and Property, Plant and Equipment -- Net," as of June 30, 2001 and the audited "Combined Statements of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses" for each of the three years in the period ended June 30, 2001 of the Jif and Crisco businesses included elsewhere in this document. The selected combined historical financial data for the six months ended December 31, 2001 and 2000 have been derived from the unaudited "Combined Statement of Inventory and Property, Plant and Equipment -- Net," as of December 31, 2001 and the unaudited "Combined Statements of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses" for the six months ended December 31, 2001 and 2000, of the Jif and Crisco businesses included elsewhere in this document. CERTAIN INDIRECT COSTS OF THE JIF AND CRISCO BUSINESSES HAVE NOT BEEN INCLUDED IN THE HISTORICAL "COMBINED STATEMENTS OF REVENUES, DIRECT COST OF PRODUCTS SOLD, DIRECT MARKETING EXPENSES AND DIRECT ADMINISTRATIVE AND OTHER EXPENSES" PREPARED BY P&G. THESE INDIRECT COSTS INCLUDE SELLING COSTS AND CORPORATE OVERHEAD. The table below should be read in conjunction with the Jif and Crisco businesses' historical financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the Jif and Crisco businesses included elsewhere in this document. The table below should also be read in conjunction with the unaudited condensed combined pro forma financial statements of Smucker, which you can find beginning on page F-1.

SIX MONTHS ENDED DECEMBER 31,		YEAR ENDED JUNE 30,			
2001(2)	2000(2)	2001	2000	1999	1998(2)

(IN THOUSANDS)

STATEMENT OF REVENUES,
DIRECT COST OF PRODUCTS
SOLD, DIRECT MARKETING
EXPENSES AND DIRECT
ADMINISTRATIVE AND OTHER
EXPENSES DATA:

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Net revenues.....	\$331,200	\$349,800	\$615,300	\$647,200	\$653,600	\$659,700	\$6
Excess of net revenues over direct cost of products sold, direct marketing expenses and direct administrative and other expenses.....	105,800	103,800	178,700	172,100	167,800	166,000	1
STATEMENT OF INVENTORY AND PROPERTY, PLANT AND EQUIPMENT -- NET DATA:							
Inventory.....	30,600	(1)	35,200	49,300	59,300 (2)	49,200	
Property, plant and equipment -- net.....	92,200	(1)	89,800	93,700	(1)	(1)	(1)

- (1) The information is not available as it is not practical to retrieve such information from P&G's consolidated accounting systems.
- (2) This information has been derived from P&G's consolidated accounting systems as of and for the periods indicated. This information is unaudited.

SELECTED UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL DATA OF SMUCKER

WE ARE PROVIDING THE UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL DATA FOR ILLUSTRATIVE PURPOSES ONLY. THE COMPANIES MAY HAVE PERFORMED DIFFERENTLY HAD THEY BEEN COMBINED DURING THE PERIODS PRESENTED. YOU SHOULD NOT RELY ON THE UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL DATA AS BEING INDICATIVE OF THE HISTORICAL RESULTS THAT WOULD HAVE BEEN ACHIEVED HAD THE COMPANIES BEEN COMBINED DURING THE PERIODS PRESENTED OR OF THE FUTURE RESULTS THAT THE COMBINED COMPANY WILL EXPERIENCE.

The selected unaudited condensed combined pro forma financial data give effect to the merger of Smucker and the Jif and Crisco businesses of The Procter & Gamble Company using the purchase method of accounting under which Smucker is the acquiring enterprise. The pro forma statement of operating income excluding indirect expenses of the Jif and Crisco businesses reflects the combination of data from the "Statement of Consolidated Income" of Smucker for the year ended April 30, 2001, and the "Condensed Statement of Consolidated Income" for the six months ended October 31, 2001, with data from the "Combined Statement of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses" of the Jif and Crisco businesses for the year ended June 30, 2001, and the six months ended December 31, 2001, respectively. Indirect expenses represent selling and corporate overhead costs that are not specifically identifiable to the individual businesses. The pro forma balance sheet data reflect the combination of data from the "Condensed Consolidated Balance Sheet" of Smucker as of October 31, 2001, with data from the "Combined Statement of Inventory and Property, Plant and Equipment -- Net" of the Jif and Crisco businesses as of December 31, 2001. The allocation of the purchase price reflected in the selected unaudited condensed combined pro forma financial data is preliminary. We urge you to read the selected unaudited condensed combined pro forma financial data in connection with the unaudited condensed combined pro forma financial statements and notes beginning on page F-1.

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	SIX MONTHS ENDED OCTOBER 31, 2001	YEAR ENDED APRIL 30, 2000

	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
STATEMENT OF INCOME DATA:		
Net sales.....	\$ 673,836	\$1,266,542
Operating income excluding indirect expenses of the Jif and Crisco businesses.....	133,893	229,878
BALANCE SHEET DATA:		
Total assets.....	\$1,413,071	
Long-term debt.....	135,000	
Shareholders equity.....	1,031,134	
OTHER DATA:		
Dividends per common share(1).....	\$ 0.32	\$ 0.64
Book value per common share(2).....	20.88	

- (1) Pro forma dividends per share assume the same per share dividends as declared by Smucker in each of the respective periods.
- (2) Assumes 49,370,000 common shares are issued and outstanding upon completion of the merger, which assumes a 47.5% ownership interest of Smucker shareholders.

COMPARATIVE PER SHARE DATA

The historical per share data of Smucker are included in the previous sections on pages and , respectively. Historical and pro forma per share data for the Jif and Crisco businesses have not been prepared as those businesses are brands of P&G and not separate legal entities.

14

RISK FACTORS

In addition to the other information included in this document, including the matters addressed in "Special Note Regarding Forward-Looking Statements" starting on page , you should carefully consider the matters described below in determining whether to vote in favor of the merger.

IF THE OPERATING RESULTS FOR THE JIF AND CRISCO BUSINESSES FOLLOWING THE MERGER ARE POOR, WE MAY NOT ACHIEVE THE SIGNIFICANT INCREASES IN REVENUES AND NET EARNINGS WE EXPECT TO ACHIEVE AS A RESULT OF THE MERGER.

Smucker has projected that it will derive a significant portion of its revenues and net earnings from the operations of Jif and Crisco following the merger. Therefore, any negative impact on those business operations after the merger could materially impact Smucker's operating results. Some of the more significant factors that could negatively impact the business operations of Jif and Crisco, and therefore negatively impact the future combined operating results of Smucker following the merger, include:

- increases in raw materials and packing costs for the Jif and Crisco businesses, including the cost of peanuts, sugar, and crude edible oils;

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- increases in advertising costs associated with the support of the Jif and Crisco brands;
- increased competition;
- a decline in the vegetable oils market; and
- the level of training and experience of the employees of Jif and Crisco.

See "Special Note Regarding Forward-Looking Statements."

OUR FAILURE TO INTEGRATE THE JIF AND CRISCO BUSINESSES INTO OUR OPERATIONS SUCCESSFULLY AND IN A TIMELY MANNER COULD REDUCE OUR PROFITABILITY.

We expect that the merger of Jif and Crisco will result in efficiencies, business opportunities and new prospects for growth through product development and acquisitions. Currently, however, we do not have information sufficient to estimate cost savings or quantifiable efficiencies, if any, that could result from the merger because our plans for integrating the Jif and Crisco businesses into our operations are not complete and may change. In addition, it is possible that we may never realize expected efficiencies, business opportunities and growth prospects due to:

- increased competition that limits our ability to expand our business;
- faulty assumptions underlying our expectations; or
- deteriorating general industry and business conditions.

In addition, integrating operations will require significant efforts of both Smucker and P&G personnel. These integration efforts may require significant expenditures. It is also possible that personnel of the Jif and Crisco businesses may choose to remain with P&G or seek other employment. Our management may have its attention diverted while trying to integrate the Jif and Crisco businesses into our operations. If these factors limit our ability to integrate the operations of Jif and Crisco successfully or in a timely manner, our expectations of future results of operations may not be met. See "Special Note Regarding Forward-Looking Statements."

Although we will enter into a manufacturing plant separation agreement and have entered into a transitional services agreement with P&G in connection with our acquisition of Crisco's manufacturing facility, we may have difficulties in operating that facility as a stand-alone facility given its co-location with other P&G facilities and its current dependence on services from P&G. We cannot assure you that we will be able to separate that facility fully from P&G or acquire services necessary for its operations.

15

WE EXPECT TO INCUR A SIGNIFICANT ONE-TIME CHARGE RELATING TO OUR INTEGRATION PLAN THAT COULD MATERIALLY AND ADVERSELY AFFECT THE PERIOD TO PERIOD RESULTS OF OPERATION OF SMUCKER FOLLOWING THE MERGER.

We are developing a plan to integrate the operations of the Jif and Crisco businesses with Smucker after the merger. We anticipate that Smucker will incur a one-time charge to earnings of approximately \$10 to \$15 million in connection with the integration. We will not be able to quantify the exact amount of this charge or the period in which it will be incurred until after the merger is completed. Some of the factors affecting the cost of the integration include the

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timing of the closing of the merger, the training of new employees, and the length of time during which transitional services are provided to Smucker by P&G.

SALES OF NEW SMUCKER COMMON SHARES BY P&G SHAREHOLDERS MAY NEGATIVELY AFFECT OUR STOCK PRICE AND IMPAIR OUR ABILITY TO RAISE CAPITAL THROUGH THE SALE OF EQUITY SECURITIES.

As a result of the merger, P&G shareholders will receive up to 55% of the new Smucker common shares outstanding immediately following the merger. Some of these P&G shareholders are index funds tied to the Standard & Poor's 500 Index, the Dow Jones Industrial Average or other stock indices, or are institutional investors bound by various investing guidelines. Since Smucker will not be included in these indices at the time of the merger or may not meet the investing guidelines of some of these institutional investors, these index funds and institutional investors may be required to sell the new Smucker common shares that they receive in the merger. We are currently unable to predict whether a sufficient number of buyers would be in the market to absorb these potential sales. Consequently, our stock price may fall. This potential decline in our stock price, if not reversed, could impair our ability to raise capital through future sales of new Smucker common shares.

SMUCKER WILL BE PREVENTED FROM TAKING CERTAIN CORPORATE ACTIONS FOLLOWING THE MERGER IN ORDER TO AVOID SIGNIFICANT TAX LIABILITIES.

Under applicable federal income tax rules, if Smucker does not refrain from taking the corporate actions set forth below for two years following completion of the merger, the spin-off of P&G's Jif and Crisco businesses could result in a taxable event to P&G. If Smucker takes those actions and those actions result in a taxable event to P&G, Smucker will be required to indemnify P&G for the amount of the tax under the terms of a tax sharing agreement to be entered into by Smucker and P&G. In order to avoid this potential liability, Smucker will agree in the tax sharing agreement that it will not take the following corporate actions for two years following the completion of the merger unless appropriate approval is obtained as set forth in the tax sharing agreement:

- liquidate, merge, or consolidate with or into any other corporation;
- issue any of its capital stock (other than for ordinary-course compensation purposes, if permitted by P&G's requested tax rulings);
- redeem, purchase, or otherwise reacquire its capital stock;
- change the voting rights of any of its stock;
- sell, exchange, distribute, or otherwise dispose of (other than in the ordinary course of its business) all or a substantial part of the Jif and Crisco businesses; or
- discontinue the operations of the Jif and Crisco businesses.

In addition, Smucker will agree in the tax sharing agreement that it will not enter into any negotiations, agreements, or arrangements with respect to any of the foregoing transactions during the two-year period following the merger unless appropriate approval is obtained as set forth in the tax sharing agreement.

For a more complete description of the tax sharing agreement, see "Ancillary Agreements -- Tax Sharing Agreement" beginning on page .

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THE VOTING POWER OF SMUCKER SHAREHOLDERS WILL BE DILUTED AS A RESULT OF THE MERGER.

All new Smucker common shares to be issued in connection with the merger initially will be ten-vote shares for time phase voting purposes. Consequently, the voting power of current Smucker shareholders, especially those Smucker shareholders who now hold ten-vote shares, will be diluted. Upon completion of the merger, Smucker's articles of incorporation will allow only one vote per share in the election of directors, among other matters. As a result of this change from Smucker's current articles of incorporation, Smucker shareholders holding ten-vote shares, including Smucker family members, will no longer be able to exercise ten votes for each share they hold in the election of directors. See, "Comparison of the Rights of Smucker Shareholders Before and After the Merger" beginning on page .

17

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

You should understand that the following important factors and assumptions could affect the future results of Smucker following the merger and could cause actual results to differ materially from those expressed in the forward-looking statements:

- the success of Smucker's marketing programs during the period in question;
- competitive activity;
- the mix of products sold and level of marketing expenditures needed to generate sales;
- an increase in costs of packaging materials, ingredients, or raw materials, including fruit, peanuts, sugar, edible oils, soybeans, and sweeteners;
- the ability of Smucker to maintain and/or improve sales and earnings performance;
- foreign currency exchange and interest rate fluctuations;
- general economic and business conditions that adversely affect Smucker or its suppliers, distributors or customers;
- the level of capital resources required for future acquisitions; and
- the successful integration of the Jif and Crisco businesses with Smucker's businesses, processes, and systems.

Smucker does not undertake any obligation, other than as required by law, to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or changes in future operating results over time. Smucker claims the protection of the safe harbor

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for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

18

THE MERGER

The discussion in this document of the merger and the principal terms of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, a copy of which is attached to this document as Annex A and is incorporated by reference into this document. References in this document to "Smucker" or "P&G" include their respective subsidiaries unless otherwise noted.

BACKGROUND OF THE MERGER

We have viewed the Jif peanut butter business for decades as an attractive acquisition candidate and an excellent strategic fit with our preserves, jams, jellies and other fruit spreads and products. Paul Smucker, our former chief executive officer and the grandson of company founder Jerome Monroe Smucker, first approached John Smale, then-chief executive officer of P&G, expressing an interest in buying the Jif business as early as the mid-1970s.

Tim Smucker and Richard Smucker, our current co-CEO's and the sons of Paul Smucker, have also expressed to P&G an ongoing interest in acquiring the Jif brand during their tenure as our fourth-generation management. Tim Smucker, who is Chairman as well as co-CEO, has made in the past few years informal inquiries of P&G's Chairman, John Pepper, regarding P&G's interest in selling the Jif business. Each time that it was approached, however, P&G indicated that the Jif business was not for sale.

On April 25, 2001, P&G publicly announced that it was exploring strategic alternatives with respect to its Jif and Crisco brands in furtherance of its continuing efforts to divest non-core businesses. In that announcement, P&G noted that it would consider various structures with respect to the Jif and Crisco brands, including a sale, joint venture or a swap for other consumer brands. In late April 2001, Merrill Lynch, P&G's financial advisor, informed senior management of Smucker that P&G planned to conduct a controlled auction process of the Jif and Crisco businesses.

Shortly after their discussions with Merrill Lynch, our management discussed with members of our board of directors P&G's proposed sale of its Jif and Crisco businesses. Our management relayed to the directors that it believed both Jif and Crisco, two profitable businesses with strong consumer brands, would be excellent strategic fits for us. Our directors indicated that they supported exploring the acquisition of those businesses and agreed that management should take preliminary steps in connection with that process. Our management and its advisors then began to discuss and explore the acquisition of Jif and Crisco. Our management continuously explores the possibility of acquisitions and divestitures, and reviews its activities in this regard periodically with our directors. Smucker did not consider any other transactions that management considered to be comparable.

During the month of May, Smucker considered a number of financial advisors to aid in the evaluation of the proposed transaction. Management chose William Blair & Company, L.L.C. and Rhone Group Advisors LLC to act as its financial advisors and our board confirmed those choices. William Blair was chosen based on its expertise in mergers and acquisitions advisory services, its prior relationship with us, including its recent role as our advisor in connection with the recapitalization of our capital stock into one class in August of 2000

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and in connection with the placement of debt securities in connection with that transaction, and its strong knowledge of our existing businesses and markets. Rhone was chosen based on its extensive expertise in mergers and acquisition advisory services and knowledge of complex financial structures as well as its extensive experience in the consumer goods industry. Rhone provided no independent valuation analyses in connection with the proposed merger, but merely provided assistance and advice to William Blair and Smucker with respect to deal structure, William Blair's valuation analyses, and negotiation. Rhone was not engaged to provide an opinion as to the fairness of the proposed transaction and did not do so.

In early June 2001, we received a bid invitation package from Merrill Lynch on behalf of P&G. That package included a bid invitation letter that outlined the procedures and timeline for the auction process

19

and confidential information memoranda containing certain business information related to the Jif and Crisco businesses.

In the next several weeks, William Blair and Rhone prepared, at management's direction and with the assistance of members of management, analyses relating to the valuation of the Jif and Crisco businesses, our current operating and financial position, and the potential impact of the proposed transaction on Smucker and our shareholders.

During the first three weeks of June 2001, our management and advisors had a series of discussions and meetings relating to the proposed transaction. Those discussions addressed the potential benefits to each of Smucker's and P&G's shareholders that could result from the proposed transaction, the appropriate valuation of the Jif and Crisco businesses, the most desirable structure for such a transaction, financing alternatives, and the contents of our initial proposal letter for the transaction. Informal discussions were held by management with our directors during this same period to keep them apprised of developments and to ensure that they supported continuing exploration of a possible transaction with P&G.

On June 20, 2001, we submitted our initial non-binding proposal with respect to the acquisition of the Jif and Crisco businesses. Our initial proposal was structured as a transaction in which both the Jif and Crisco businesses would be separated from P&G, spun off to P&G's shareholders, and immediately merged into Smucker. Smucker would survive the merger as a stand-alone entity that would hold the Jif and Crisco businesses as well as our historic businesses. In the merger, shareholders of both P&G and Smucker would receive shares of the combined company, with P&G shareholders holding 50.1% of the combined company. This "spin and merge" form of transaction was designed to be a transaction that would be tax-free to P&G and its shareholders. In order to ensure the tax treatment sought under our proposal, we contemplated that a definitive agreement with respect to tax matters would need to be entered into by the parties. We also submitted alternative bids to acquire only the Jif business in a similar spin and merge transaction and on a cash-only basis. We did not submit a cash bid for both brands because the amount of debt that we would have had to incur in order to do a cash transaction for both brands would have been prohibitive.

During the week of July 16, 2001, our senior management and financial and legal advisors met in Cincinnati, Ohio, to attend presentations conducted by P&G management and to take tours of P&G's Jif and Crisco facilities. In addition,

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our management and advisors conducted at this time a comprehensive due diligence review of the Jif and Crisco businesses.

After the meetings in Cincinnati, Ohio, our management communicated with Merrill Lynch and the management of P&G from time to time to discuss the proposed transaction, the auction process, and to request additional information and materials to assist in Smucker's due diligence review process.

On or about August 8, 2001, we received a package from Merrill Lynch inviting final bids, which included draft documentation to be executed in connection with the proposed transactions.

During the following three weeks, our management continued to hold discussions with Merrill Lynch and P&G management concerning the proposed transaction. The subject of these conversations included follow-up questions by our management related to its due diligence review, the structure of the proposed transaction, the legal and tax issues involved in the transaction, and the nature of the assets to be acquired and liabilities to be assumed in the transaction. Our management also updated our board of directors at meetings on August 14, 2001, and August 30, 2001, on the status of the transaction process and the proposed terms of our final bid for the Jif and Crisco brands. We decided as a result of these discussions that we would bid for the two brands together and would not submit a separate cash offer for Jif alone.

On September 5, 2001, following further internal discussions and analyses and discussions with our financial and legal advisors, our management submitted our second proposal to P&G. The proposal outlined our desire to acquire both the Jif and Crisco businesses in the form of the proposed tax-free "spin and merge" transaction detailed in our first proposal, with P&G shareholders holding 50.1% of the combined company upon the completion of the transaction. Our proposal was conditioned upon certain legal and financial issues being resolved between the parties, including resolution of a number of issues in

20

the definitive documentation for the proposed transaction. Our proposal was also subject to final review and approval by our board of directors, and receipt of required shareholder and regulatory approvals.

On September 7, 2001, Smucker submitted to Merrill Lynch revised documentation relating to the proposed transaction, including a revised merger agreement, contribution agreement, and ancillary agreements.

On October 1, 2001, our board of directors met with our senior management and our legal and financial advisors to discuss the status of the auction process and the financial and legal implications of the proposed transaction. Our management updated our board of directors on the central issues then outstanding related to the proposed transaction, including resolving issues related to Smucker's ability to provide certainty to P&G with respect to the tax-free nature of the proposed transaction and finalizing a definitive tax sharing agreement, the value of the consideration to be received by P&G and its shareholders, and our ability to reach agreement with P&G on any other outstanding legal and business issues. In addition to the matters set forth above, management reviewed with our board of directors P&G's request that its shareholders be guaranteed to receive a "floor price" for Smucker common shares and the negotiations that then ensued with P&G with respect to whether such a floor price was acceptable to Smucker and, if so, at what level. Our board of directors questioned management concerning P&G's proposal and its implications on negotiating definitive documentation relating to the proposed transaction, including inquiries made with respect to the mechanics of P&G's proposed floor

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price, the risks to Smucker and its shareholders associated with P&G's proposal and the likelihood that the floor price could be achieved prior to the closing of the proposed transaction. Our board then questioned management on the tax implications of the proposed transaction and the modifications to our articles of incorporation that would be required as a result of those implications. In addition to the presentations by our management, our financial advisors presented a preliminary valuation analysis of the proposed transaction and discussed the implications of P&G's proposed floor price. After thorough discussion concerning valuation, our board of directors concluded the meeting by indicating that it was still interested in pursuing the proposed transaction with P&G and directed our senior management to continue with the negotiation and auction process.

Later that afternoon, our management and advisors were invited by P&G to travel to its headquarters in Cincinnati, Ohio, to meet to negotiate the final financial and legal terms and to finalize the definitive documentation for the proposed transaction. Our management and advisors held these negotiations with P&G and its financial and legal advisors in a series of meetings held in Cincinnati on October 2 through October 6, 2001. Negotiations with respect to the financial and legal terms of the transaction and finalization of the transaction documents continued through October 9, 2001.

On October 8, 2001, our board of directors met to review with our management and legal and financial advisors the status of the negotiations and the proposed terms and conditions of the transaction. All of our directors were present at the meeting in person or by conference telephone. Our management reviewed the material terms and conditions of the transaction agreements, as currently negotiated, and discussed with our board the differences between those terms and conditions and those outlined at the October 1 meeting. In particular, our management noted that P&G had requested and we had agreed to a proposal that would allow P&G to terminate the proposed transaction if the aggregate market value of the Smucker common shares to be received by P&G shareholders in the transaction was less than \$715 million. In addition, management noted that it had agreed to an increase in the percentage of new Smucker common shares to be held by P&G shareholders after the proposed transaction from 50.1% to between 52.5 - 55%. In addition to the mechanics of the exchange ratios that would result in Smucker and P&G shareholders holding the desired percentage of the combined company's shares after the transaction and the appropriate valuation levels to be applied to the proposed transaction, management noted that definitive documentation reflecting the terms of the transaction agreements, as currently negotiated, would have to be finalized before a final agreement could be executed by Smucker and P&G. In addition, Jones, Day, Reavis & Pogue, our outside legal counsel, reviewed with our board the documentation to be executed in connection with the proposed transaction and our board's legal duties. At the conclusion of the meeting, William Blair reviewed its financial analyses of the consideration to be paid by Smucker. It also

21

presented to the board of directors its opinion (later confirmed in writing after the final details of the transaction were agreed to by Smucker and P&G) to the effect that, subject to the matters described in its opinion, the consideration to be paid by Smucker to the holders of P&G Ohio shares in the merger, pursuant to the merger agreement was fair, from a financial point of view, to Smucker and the holders of Smucker common shares. Our board of directors carefully considered the benefits and risks to Smucker and its shareholders of the proposed transaction and decided to continue the meeting the following day.

During the afternoon of October 9, 2001, our board of directors resumed its

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meeting by teleconference to review and discuss the final terms of the transaction. Following a thorough discussion, our board of directors unanimously determined that the transaction was in the best interests of the shareholders of Smucker and unanimously resolved to recommend that our shareholders vote to approve the merger. In addition, our board authorized management to finalize the definitive documentation for the transaction to accurately reflect the discussions and to execute the merger agreement and the contribution agreement. Shortly after that time, the merger agreement was executed by all of the parties with no material changes being made from those reviewed and approved by our board of directors at the meeting of our board of directors on October 8, 2001 and continued on October 9, 2001. In addition, several members of the Smucker family entered into a shareholders agreement with P&G that requires them to vote their Smucker common shares in favor of the merger, the issuance of new Smucker common shares pursuant to the merger and the adoption of the merger agreement, and grants to P&G a proxy to vote their shares in favor of those matters. See "The Shareholders Agreement" beginning on page of this document.

Prior to the opening of trading on The New York Stock Exchange on the morning of October 10, 2001, Smucker and P&G issued a joint press release announcing the approval of the transaction and the execution of the merger agreement.

REASONS FOR THE MERGER; RECOMMENDATION OF THE SMUCKER BOARD

OUR BOARD OF DIRECTORS BELIEVES THAT THE TERMS OF THE MERGER ARE FAIR TO, AND IN THE BEST INTERESTS OF, SMUCKER AND ITS SHAREHOLDERS, HAS UNANIMOUSLY APPROVED THE MERGER, AND RECOMMENDS THAT SHAREHOLDERS OF SMUCKER VOTE FOR THE MERGER.

In reaching its decision to approve the merger, the Smucker board of directors consulted with its financial and legal advisors and considered a variety of factors, including the following:

- the views of Smucker management regarding the proposed merger and the expectation that, after realization of anticipated operating income improvements, the merger would approximately double Smucker's revenues and almost triple Smucker's projected net earnings (excluding one-time costs associated with the merger) for fiscal 2003;
- the enhanced strategic and market position of the combined company beyond that achievable by Smucker alone;
- the financial strength of the combined company and the increased flexibility that this strength should provide, including a greater ability to pursue new product developments and acquisition opportunities;
- the compatibility of Smucker's distribution channels and customers with those of the Jif and Crisco businesses;
- the belief that the merger should increase the liquidity and trading volume of Smucker common shares, expand Smucker's investor base, and generate enhanced analyst coverage of the combined company;
- the expectation that the combined earnings power of the three brands -- Smucker's, Jif and Crisco -- will allow Smucker to continue its historic strong dividend payment practice;
- the expectation that the compatibility of Smucker's and P&G's corporate values, basic beliefs, and business ethics will facilitate a smooth integration of the businesses;

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- information concerning the business, assets, liabilities, capital structure, financial performance and condition and prospects of Smucker and the Jif and Crisco businesses;
- the structure of the merger as a tax-free reorganization for federal income tax purposes; and
- the opinion of William Blair to the Smucker board of directors to the effect that, on the date of its opinion and based upon and subject to the various considerations set forth in its opinion, the consideration to be paid by Smucker to the holders of P&G Ohio shares in the merger, pursuant to the merger agreement was fair, from a financial point of view, to Smucker and the holders of Smucker common shares.

The Smucker board of directors also considered certain countervailing factors in its deliberations concerning the merger, including:

- the possibility that the increased revenues, earnings, and efficiencies expected to result from the merger would fail to materialize;
- the challenges of integrating the Jif and Crisco businesses into Smucker, given the size of those businesses, and the difficulty in separating the operations of those businesses from PG
- the possible disruption of Smucker's business that might result from the announcement of the merger and the diversion of management's attention from the Smucker businesses because of the merger;
- the dilution of Smucker shareholders' voting power that would result from the issuance of new Smucker common shares in the merger;
- the required payment by Smucker in certain circumstances of termination fees under the merger agreement; and
- the possibility that the merger may not be consummated and the potential adverse consequences if the merger is not completed.

The Smucker board of directors did not view the restrictions imposed on Smucker's ability to take corporate actions under applicable federal income tax laws and the terms of a tax sharing agreement to be entered into by Smucker and P&G as significant limitations on the ability of Smucker to conduct its business following the merger, and, therefore, did not give significant consideration to those restrictions. For a description of some of the restrictions imposed on Smucker's ability to take various corporate actions following the merger, see "Risk Factors" beginning on page . In addition, the Smucker board of directors did not place particular importance on the fact that any cash consideration received by Smucker shareholders might be taxable given the limited amount of cash consideration, if any, to be received by Smucker shareholders under the terms of the merger. See "The Merger -- Material United States Federal Income Tax Consequences of the Merger" beginning on page .

The foregoing discussion of the information and factors discussed by the Smucker board of directors is not meant to be exhaustive but is believed to include all material factors considered by it. The Smucker board of directors did not quantify or attach any particular weight to the various factors that it considered in reaching its determination that the terms of the merger are fair to, and in the best interests of, Smucker and its shareholders. Rather, the Smucker board of directors viewed its position and recommendation as being based

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on the totality of the information presented to and considered by it. As a result of its consideration of the foregoing and other relevant considerations, the Smucker board of directors unanimously determined that the merger, including the terms of the merger agreement and the other agreements relating to the merger, are fair to, and in the best interests of, Smucker and its shareholders. ACCORDINGLY, THE SMUCKER BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT ITS SHAREHOLDERS VOTE FOR THE APPROVAL OF THE MERGER BY ADOPTING THE MERGER AGREEMENT RELATING TO THE MERGER.

23

OPINION OF SMUCKER'S FINANCIAL ADVISOR

Smucker retained William Blair & Company, L.L.C. to act as a financial advisor in connection with a possible transaction with P&G. As part of its engagement, Smucker asked William Blair to render a fairness opinion relating to the merger. On October 8, 2001, William Blair delivered an oral opinion, later confirmed in writing as of that date, to the Smucker board of directors that, as of that date and based upon and subject to the assumptions and qualifications stated in its opinion, the consideration to be paid by Smucker to the holders of P&G Ohio shares in the merger, pursuant to the merger agreement was fair, from a financial point of view, to Smucker and the current holders of Smucker common shares.

THE FULL TEXT OF WILLIAM BLAIR'S WRITTEN OPINION IS ATTACHED AS ANNEX D TO THIS DOCUMENT AND INCORPORATED BY REFERENCE. YOU ARE URGED TO READ THE ENTIRE OPINION CAREFULLY TO LEARN ABOUT THE ASSUMPTIONS MADE, PROCEDURES FOLLOWED, MATTERS CONSIDERED AND LIMITS ON THE SCOPE OF THE REVIEW UNDERTAKEN BY WILLIAM BLAIR IN RENDERING ITS OPINION. WILLIAM BLAIR'S OPINION RELATES ONLY TO THE FAIRNESS, FROM A FINANCIAL POINT OF VIEW, TO SMUCKER AND THE CURRENT HOLDERS OF SMUCKER COMMON SHARES OF THE CONSIDERATION TO BE PAID BY SMUCKER TO THE HOLDERS OF P&G OHIO SHARES IN THE MERGER, PURSUANT TO THE MERGER AGREEMENT, DOES NOT ADDRESS ANY OTHER ASPECT OF THE PROPOSED MERGER OR ANY RELATED TRANSACTION AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY SHAREHOLDER AS TO HOW THAT SHAREHOLDER SHOULD VOTE WITH RESPECT TO THE APPROVAL OF THE MERGER. THE FOLLOWING SUMMARY OF WILLIAM BLAIR'S OPINION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE OPINION. WILLIAM BLAIR'S OPINION WAS DIRECTED TO THE SMUCKER BOARD OF DIRECTORS FOR ITS BENEFIT AND USE IN EVALUATING THE FAIRNESS OF THE CONSIDERATION. WE URGE YOU TO READ THE OPINION CAREFULLY AND IN ITS ENTIRETY.

In connection with its opinion, William Blair reviewed:

- drafts of the merger agreement, the contribution agreement, the manufacturing plant separation agreement, the shareholders agreement, the transitional services agreement and the tax sharing agreement;
- certain audited historical financial statements of Smucker for each of the three years in the period ended April 30, 2001;
- audited statements of inventory, property, plant and equipment -- net as of June 30, 2001 and June 30, 2000 and the audited statements of revenues, direct cost of products sold, direct marketing expenses and direct administrative and other expenses for each of the three years in the period ended June 30, 2001 for the Jif and Crisco businesses;
- the unaudited financial statements of Smucker for the three months ended July 31, 2001;
- certain internal business, operating and financial information of Smucker and the Jif and Crisco businesses, prepared by the senior management of

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Smucker and P&G, respectively;

- information regarding the strategic, financial and operational benefits anticipated from the proposed merger and the prospects of Smucker (with and without the proposed merger) prepared by the senior management of Smucker;
- the pro forma impact of the proposed merger on the earnings per share of Smucker based on certain financial information prepared by the senior management of Smucker and P&G, respectively;
- information provided by Smucker's senior management regarding the amount and timing of cost savings and related expenses and potential synergies that the senior management of Smucker expects will result from the proposed merger;
- publicly available financial terms of certain other business combinations that William Blair deemed relevant;

24

- the financial position and operating results of Smucker and operating results of the Jif and Crisco businesses compared with those of certain other publicly traded companies William Blair deemed relevant;
- current and historical market prices and trading volumes of Smucker's common shares;
- certain other publicly available information relating to Smucker, P&G and the Jif and Crisco businesses; and
- such other materials and information as William Blair deemed relevant.

William Blair also held discussions with respective representatives and the members of the respective senior management of Smucker, P&G and the Jif and Crisco businesses to discuss the foregoing and the past and current business operations, financial condition and future prospects of Smucker and the Jif and Crisco businesses. William Blair also met with the Smucker board of directors and Smucker's legal counsel to discuss the Jif and Crisco businesses, the merger and other transactions contemplated by the transaction agreements, and the results of its analysis and examination. William Blair also considered other matters which it deemed relevant to its inquiry, and has taken into account the accepted financial and investment banking procedures and considerations that it deemed relevant or appropriate. The senior management of Smucker has advised William Blair that Smucker was not considering any change of control transaction and accordingly, William Blair did not evaluate the fairness, from a financial point of view, to the holders of existing Smucker common shares of the merger consideration in the context of a change of control of Smucker, such as a sale to a single buyer or group of affiliated buyers.

In rendering its opinion, William Blair assumed and relied, without any duty of independent verification, upon the accuracy and completeness of all the information examined by or otherwise reviewed or discussed with William Blair for purposes of its opinion, including the number of existing Smucker common shares, P&G common shares and P&G Ohio common shares currently issued and outstanding, or expected to be issued and outstanding. William Blair was advised by the respective senior management of Smucker and P&G that their respective business, operating and financial information, and the operational benefits anticipated to result from the merger and the other information and data provided to or otherwise reviewed by, discussed with, or examined by, William Blair had been reasonably prepared on bases reflecting the best currently

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available estimates and judgments of the senior management of Smucker or P&G, as the case may be, as to the future financial performance of Smucker and the Jif and Crisco businesses and the strategic implications anticipated to result from the merger. In addition, William Blair assumed that the synergies expected to result from the merger have been reasonably prepared to reflect the best currently available estimates and judgment of the senior management of Smucker. In that regard, William Blair assumed, with the consent of the Smucker board of directors, that:

- on a stand-alone basis, Smucker and the Jif and Crisco businesses would perform, and on a pro forma basis following the completion of the proposed merger Smucker will perform, substantially in accordance with such business, operating and financial information, giving effect to the synergies expected to result from the merger; and
- all material assets and liabilities (contingent or otherwise) of the Jif and Crisco businesses are as set forth in the Jif and Crisco businesses' financial statements or other information made available to William Blair.

William Blair expressed no opinion with respect to the business, operating, and financial information provided by each of Smucker or P&G, respectively, or the synergies expected to result from the merger, or the estimates and judgments on which they were based.

With the consent of the Smucker board of directors, William Blair, in rendering its opinion, also assumed:

- that the total number of new Smucker common shares that will be issued to holders of existing Smucker common shares pursuant to the merger will be at least equal to 45% of the total number

25

of new Smucker common shares issued and outstanding immediately following the completion of the merger;

- that there are and will be no outstanding rights or options to acquire or obligations to issue P&G Ohio common shares or any other security of P&G Ohio other than pursuant to the spin-off of P&G Ohio to the shareholders of PG
- that the merger and the other transactions contemplated by the merger agreement (other than the receipt of the cash payment, if any, by Smucker shareholders) will be non-taxable for United States federal and other income tax purposes to the respective shareholders of Smucker, P&G and P&G Ohio, that none of Smucker, P&G or P&G Ohio will recognize material income, gain or loss for United States federal or other income tax purposes as a result of the merger and the other transactions contemplated by the merger agreement and the other transaction agreements and that, following the consummation of the merger, no indemnification payments with respect to any taxes or otherwise will be required to be made by Smucker pursuant to those agreements; and
- that the merger and the other transactions contemplated by the merger agreement and the other transaction agreements will be consummated on the terms described in those agreements, without any waiver of any material terms or conditions by P&G, P&G Ohio or Smucker, and that the executed forms of those agreements will be in substantially the form of the last drafts of such agreements provided to William Blair.

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William Blair did not make or obtain an independent valuation or appraisal of the assets, liabilities or solvency of Smucker, P&G Ohio or the Jif and Crisco businesses. William Blair was not requested to solicit, and did not solicit, any expressions of interest from any other parties with respect to the sale of all or any part of Smucker or any other alternative transaction and accordingly relied on its discussions with the senior management of Smucker with respect to the availability and consequences of alternatives to the proposed merger. William Blair was not requested to consider, and its opinion did not address, any term of the merger, the merger agreement or related transaction agreements other than the consideration to be paid by Smucker pursuant to the merger. William Blair has relied as to all legal and tax matters on advice of counsel and tax advisors to Smucker, respectively, and did not independently verify the tax treatment of the merger and the other transactions contemplated by the merger agreement or related transaction agreements. William Blair expressed no view with respect to the tax treatment that will be required to be applied to the merger and the other transactions contemplated by the merger agreement and related transaction agreements.

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

- dispositions of new Smucker common shares by shareholders within a short period of time after the completion of the merger;
- changes in the prevailing interest rates and other factors which generally influence the price of securities;
- adverse changes in the current capital markets;
- the occurrence of adverse changes in the financial condition, business, assets, results of operations or prospects of Smucker or of the Jif and Crisco businesses or in the markets they serve;
- any necessary actions by or restrictions of federal, state or other governmental agencies or regulatory authorities; and
- timely completion of the merger and the other transactions contemplated by the merger agreement and related transaction agreements on the terms and conditions described in this document.

26

William Blair's opinion was based upon market, economic, financial and other conditions as in effect on, and information made available to William Blair as of, the date of such opinion. Although subsequent developments may affect its opinion, William Blair does not have any obligation to update, revise or reaffirm its opinion.

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

Fiscal year end financial information used in the analyses performed by

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William Blair set forth below for Smucker and the Jif and Crisco businesses are based on fiscal years ending April 30 for Smucker and June 30 for Jif and Crisco.

Analysis of Implied Jif and Crisco Merger Multiples. For purposes of determining the transaction value of the merger, William Blair assumed that 25.92 million new Smucker common shares would be issued in the merger based on the 50 to one exchange ratio and the 1,296 million P&G Ohio common shares senior management of P&G expects to be outstanding immediately prior to the merger. William Blair determined a transaction value of \$731.0 million by dividing the equity value of Smucker (calculated to be \$660.3 million based on Smucker's closing price on October 5, 2001 of \$27.04 and the 24.42 million Smucker common shares outstanding on such date) by the ownership ratio of 0.9033 (the quotient of Smucker's shareholders implied post-merger ownership interest of 47.46% and P&G Ohio's shareholders implied post-merger ownership interest of 52.54%). William Blair reviewed the transaction value of \$731.0 million proposed to be paid in terms of market equity value as well as equity value plus book value of total debt less cash and equivalents (together referred to as enterprise value) as multiples of last twelve months (LTM) sales, earnings before interest, taxes, depreciation and amortization (EBITDA), operating income (EBIT) and net income for the Jif and Crisco businesses. The calculations resulted in multiples of the implied equity value to Jif and Crisco net income of 11.7x based on LTM results. The ratios of implied enterprise value to Jif and Crisco's LTM sales, LTM EBITDA and LTM EBIT were 1.18x, 6.4x and 7.0x, respectively. For purposes of these calculations, enterprise value and equity value for the Jif and Crisco businesses were deemed by William Blair to be equivalent at \$731.0 million based on the absence of debt, cash and cash equivalents associated with Jif and Crisco in the merger and as confirmed by the senior management of Smucker.

Comparable Company Analysis. William Blair reviewed and compared certain financial information relating to Smucker and the Jif and Crisco businesses to corresponding financial information, ratios and public market multiples for 27 publicly traded companies with operations in the food industry that William Blair deemed relevant. The comparable companies selected by William Blair were:

- Nestle S.A.
- Kraft Foods Inc.
- Sara Lee Corporation
- H.J. Heinz Company
- General Mills, Inc.
- Conagra Foods, Inc.
- Kellogg Company
- Wm. Wrigley Jr. Company
- Campbell Soup Company
- Hershey Foods Corporation
- Tyson Foods, Inc.
- Tootsie Roll Industries, Inc.
- Suiza Foods Corporation
- Dole Food Company, Inc.
- Dreyer's Grand Ice Cream, Inc.
- American Italian Pasta Company
- Fresh Del Monte Produce Inc.
- The Hain Celestial Group, Inc.
- The J. M. Smucker Company
- Ralcorp Holdings, Inc.
- Aurora Foods Inc.
- Riviana Foods Inc.
- J & J Snack Foods Corp.
- Tasty Baking Company
- Odwalla, Inc.
- Seneca Foods Corporation
- Suprema Specialties, Inc.

William Blair selected these companies because they are the publicly traded companies that engage in businesses reasonably comparable to those of the Jif and Crisco businesses.

Among the information William Blair considered were sales, EBITDA, EBIT, net income, earnings per share, gross profit margins, EBITDA margins, EBIT margins, net income margins, growth in sales and net income, and capital structure. The operating results and margins and any corresponding derived multiples or ratios for the Jif and Crisco businesses, Smucker and the comparable companies were based on the most recent publicly available financial information as publicly disclosed for each company and the closing share prices as of October 5, 2001.

Information regarding the multiples implied by the terms of the merger compared to the multiples from William Blair's analysis of selected comparable publicly traded companies is set forth in the following table.

MULTIPLE	JIF/CRISCO IMPLIED MERGER MULTIPLES	COMPARABLE COMPANY MULTIPLE RANGE		
		RELEVANT RANGE	MEDIAN	MEAN
Enterprise value/LTM Sales.....	1.18x	0.42x - 4.88x	1.11x	1.53x
Enterprise value/LTM EBITDA.....	6.4x	4.3x - 20.2x	8.9x	10.2x
Enterprise value/LTM EBIT.....	7.0x	7.1x - 37.0x	13.8x	15.5x
Equity value/LTM Net Income.....	11.7x	7.3x - 37.0x	21.2x	21.9x

None of the selected companies is identical to the Jif and Crisco businesses. Accordingly, any analysis of the selected publicly traded companies necessarily involved complex consideration and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the analysis of trading multiples of the selected publicly traded companies.

Comparable Transactions Analysis. William Blair performed an analysis of selected recent business combinations in the branded food industry, based on publicly available information. In total, William Blair examined 35 transactions that were chosen based on William Blair's judgment that they were generally comparable, in whole or in part, to the proposed merger. The selected transactions were not intended to be representative of the entire range of possible transactions in the branded food industry. The 35 transactions examined were (target/acquirer):

- AquaPenn Spring Water Company, Inc./Groupe Danone
- Ben & Jerry's Homemade, Inc./Unilever NV
- Bestfoods/Unilever NV
- Celestial Seasonings, Inc./The Hain Food Group, Inc.
- Chock Full O'Nuts Corporation/Sara Lee Corporation
- Dean Foods Company (Birds Eye brand)/Agrilink Foods, Inc.

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- Dean Foods Company/Suiza Foods Corporation
- Gilardi Foods/ConAgra, L.P. Inc.
- Goodmark Foods, Inc./ConAgra, Inc.
- Grist Mill Co./International Home Foods, Inc.
- International Home Products Inc./ConAgra, Inc.
- Keebler Foods Company/Kellogg Company
- Marigold Foods, Inc. and Crowley Foods, Inc./National Dairy Holdings, L.P.
- Metz Baking Company/The Earthgrains Company
- Michaels Foods, Inc./Investor Group, Inc.
- Mother's Cake & Cookies/Parmalat SpA
- Nabisco Holdings Corp./Philip Morris Companies Inc.
- Orangina (Pernod Ricard S.A.)/Cadbury Schweppes plc
- The Pillsbury Company/General Mills, Inc.
- President Baking Co./Keebler Foods Company
- The Quaker Oats Company/PepsiCo, Inc.
- Slim-Fast Foods Company/Unilever NV
- Snapple Beverage Corp./Cadbury Schweppes plc
- South Beach Beverage Co./PepsiCo, Inc.
- Terranova Foods plc/Unigate plc
- The Earthgrains Company/Sara Lee Corporation
- The Turkey Store Company (Jerome Foods, Inc.)/Hormel Foods Corporation
- Thorn Apple Valley, Inc./IBP, inc.
- Tomkins plc (European Food Bus.)/Doughty Hanson & Co. Limited
- Tropicana Products, Inc./PepsiCo, Inc.
- UB Frozen and Chilled Foods/H.J. Heinz Company
- Van Melle NV/Perfetti SpA
- Vlastic Foods International Inc. (N. American business)/Hicks, Muse, Tate & Furst Company
- WLR Foods, Inc./Pilgrim's Pride Corporation
- Worthington Foods, Inc./Kellogg Company

28

Although William Blair compared the multiples implied by these transactions to the implied merger multiples for the Jif and Crisco businesses, none of the selected transactions or associated companies is identical to the merger or the Jif and Crisco businesses or Smucker. Accordingly, any analysis of the comparable transactions necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics, parties involved and terms of their transactions and other factors that would necessarily affect the merger value of the Jif and Crisco businesses versus the merger values of the companies in the comparable transactions. William Blair reviewed the consideration paid in such transactions in terms of the enterprise value of such transactions as a multiple of sales, EBITDA and EBIT and the equity value as a multiple of net income for the latest twelve months prior to the announcement of such transactions. Information regarding the multiples implied by the terms of the merger compared to the multiples from William Blair's analyses of selected comparable transactions is set forth in the following table:

MULTIPLE -----	JIF/CRISCO IMPLIED MERGER MULTIPLES -----	COMPARABLE TRANSACTIONS MULTIPLE RANGE		
		RELEVANT RANGE -----	MEDIAN -----	MEAN -----
Enterprise value/LTM Sales.....	1.18x	0.35x - 3.76x	1.19x	1.46x

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Enterprise value/LTM EBITDA.....	6.4x	5.8x - 18.9x	11.7x	12.0x
Enterprise value/LTM EBIT.....	7.0x	8.1x - 34.2x	17.5x	17.6x
Equity value/LTM Net Income.....	11.7x	8.2x - 53.5x	28.9x	28.4x

Discounted Cash Flow Analysis. William Blair performed a discounted cash flow analysis of the Jif and Crisco businesses using financial information for fiscal 2002 and financial projections for 2003 and 2004, provided by the management of Smucker, both on a stand-alone basis and with synergies, for the period commencing September 30, 2001 through June 30, 2005, excluding one-time costs associated with the merger. In that analysis, William Blair assumed terminal value multiples of 7.0x to 9.0x EBITDA in fiscal 2005 and discount rates of 8.0% to 10.0%. The discounted cash flow analysis conducted by William Blair produced implied equity values for the Jif and Crisco businesses as follows:

Equity value for the Jif and Crisco businesses stand-alone.....	\$772 to \$1,005 million
Equity value of the Jif and Crisco businesses with synergies.....	\$903 to \$1,172 million

Relative Contribution Analysis. William Blair analyzed the relative contribution of the Jif and Crisco businesses to the combined company for various measures such as sales, EBITDA, EBIT and net income as well as the pro forma ownership attained in the combined company. William Blair performed these analyses using the financial information provided by the respective managements of both Smucker and P&G for fiscal 2002, 2003 and 2004, respectively. William Blair analyzed the relative contribution of the Jif and Crisco businesses on a stand-alone basis as well as on a synergy basis. The purpose of this analysis was to assess the fairness of the proposed merger consideration based on estimated future operating and financial information by comparing the contribution of Smucker and Jif and Crisco to the combined company to the percentage ownership of the combined company that each company's shareholders would hold upon completion of the merger. The following table presents the contribution of the Jif and Crisco

29

businesses to the combined company based on that financial information, excluding one-time costs associated with the merger:

STAND-ALONE CASE -----	PRO FORMA COMBINED CONTRIBUTION	
	SMUCKER -----	JIF/CRISCO BUSINESSES -----
Sales:		
2002 Estimated.....	52.2%	47.8%
2003 Projected.....	53.3%	46.7%
2004 Projected.....	55.1%	44.9%
EBITDA:		
2002 Estimated.....	44.3%	55.7%
2003 Projected.....	45.9%	54.1%
2004 Projected.....	46.5%	53.5%
EBIT:		

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2002 Estimated.....	36.6%	63.4%
2003 Projected.....	38.3%	61.7%
2004 Projected.....	39.3%	60.7%
Net Income:		
2002 Estimated.....	34.4%	65.6%
2003 Projected.....	36.3%	63.7%
2004 Projected.....	37.6%	62.4%
Pro Forma Ownership of Combined Company.....	47.46%	52.54%

SYNERGY CASE -----	PRO FORMA COMBINED CONTRIBUTION	
	SMUCKER -----	JIF/CRISCO BUSINESSES -----
Sales:		
2002 Estimated.....	52.2%	47.8%
2003 Projected.....	53.3%	46.7%
2004 Projected.....	55.1%	44.9%
EBITDA:		
2002 Estimated.....	40.9%	59.1%
2003 Projected.....	42.4%	57.6%
2004 Projected.....	43.0%	57.0%
EBIT:		
2002 Estimated.....	33.9%	66.1%
2003 Projected.....	35.4%	64.6%
2004 Projected.....	36.4%	63.6%
Net Income:		
2002 Estimated.....	30.5%	69.5%
2003 Projected.....	32.0%	68.0%
2004 Projected.....	33.3%	66.7%
Pro Forma Ownership of Combined Company.....	47.46%	52.54%

The above table sets forth the contribution levels suggested by the selected financial performance benchmarks as compared to the pro forma ownership of the holders of Smucker common shares after the merger of 47.46% of the outstanding new Smucker common shares.

30

Pro Forma Merger Analysis. William Blair analyzed the pro forma impact on Smucker earnings per share of the merger with the Jif and Crisco businesses. In conducting its analysis, William Blair assumed:

- purchase accounting treatment with the amortizable intangible assets created in the merger;
- estimates of cost savings and operating synergies resulting from the merger, as provided by Smucker management;
- earnings estimates for Smucker and the Jif and Crisco businesses, as provided by the senior management of Smucker and P&G, respectively; and
- pro forma diluted shares outstanding.

William Blair compared the earnings per share of Smucker common shares, on a stand-alone basis, to the earnings per share of the common shares of the

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combined company on a pro forma basis for Smucker's 2003 fiscal year. The results of the pro forma merger analysis suggested that the merger would be accretive to Smucker on an earnings per share basis in fiscal 2003, assuming cost savings and operating synergies anticipated by Smucker management to result from the merger were achieved and excluding one-time costs associated with the merger. The results of the pro forma merger analysis are not necessarily indicative of future operating results or financial position. The actual results achieved by the company may vary from projected results and the variations may be material.

General. The preparation of an opinion regarding fairness is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. The preparation of a fairness opinion does not involve a mathematical evaluation or weighing of the results of the individual analyses performed, but requires William Blair to exercise its professional judgment, based on its experience and expertise, in considering a wide variety of analyses taken as a whole. Each of the analyses conducted by William Blair was carried out in order to provide a different perspective on the merger and add to the total mix of information available. William Blair did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion about the fairness of the merger consideration. Rather, in reaching its conclusion, William Blair considered the results of the analyses in light of each other and ultimately reached its opinion based on the results of all analyses taken as a whole. William Blair did not place particular reliance or weight on any particular analysis, but instead concluded its analyses, taken as a whole, supported its determination. Accordingly, notwithstanding the separate factors summarized above, William Blair believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, may create an incomplete view of the evaluation process underlying its opinion. No company or transaction used in the above analyses as a comparison is exactly comparable to Smucker, the Jif and Crisco businesses or the merger. In performing its analyses, William Blair made numerous assumptions with respect to industry performance, business and economic conditions and other matters. The analyses performed by William Blair are not necessarily indicative of future actual values and future results, which may be significantly more or less favorable than suggested by such analyses.

William Blair is a nationally recognized firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with merger transactions and other types of strategic combinations and acquisitions. William Blair acted as the investment banker for Smucker's common share reclassification, repurchase and associated financing in 2000 and received fees for those services. In addition, in the ordinary course of its business, William Blair and its affiliates may beneficially own or actively trade common shares and other securities of Smucker as well as common shares and other securities of P&G for its own account and for the accounts of its customers, and, accordingly, may at any time hold a long or short position in these securities.

Smucker hired William Blair based on its qualifications and expertise in providing financial advice to companies and its reputation as a nationally recognized investment banking firm. Pursuant to a letter agreement dated June 4, 2001, William Blair was paid a fee of \$400,000 for its role as financial advisor. In

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addition, under the terms of the June 4, 2001 letter agreement, William Blair will receive an additional fee of \$1,600,000 contingent upon the closing of the merger. In addition, Smucker has agreed to reimburse William Blair for all of its out-of-pocket expenses (including fees and expenses of its counsel) reasonably incurred by it in connection with its services to Smucker under the letter agreement. Smucker has also agreed to indemnify William Blair against potential liabilities arising out of its engagement.

STOCK EXCHANGE LISTING

Following the merger, the new Smucker common shares will be listed on The New York Stock Exchange and will trade under our current symbol "SJM."

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

GENERAL

The following general discussion summarizes the material United States federal income tax consequences of the merger and is based on the Internal Revenue Code of 1986, as amended, the regulations promulgated thereunder, existing administrative interpretations and court decisions. No information is provided in this summary with respect to the tax consequences, if any, of the merger under applicable foreign, state, local and other tax laws. Future legislation, regulations, administrative interpretations or court decisions could significantly change such authorities either prospectively or retroactively. We do not address all aspects of United States federal income taxation that may be important to each Smucker shareholder in light of that shareholder's particular circumstances or to shareholders subject to special rules, such as those who are not citizens or residents of the United States, foreign corporations, financial institutions, tax-exempt organizations, insurance companies, dealers in securities or shareholders who acquired Smucker common shares pursuant to the exercise of options or similar derivative securities or otherwise as compensation. This discussion assumes that each Smucker shareholder holds his or her shares of stock as capital assets within the meaning of Section 1221 of the Internal Revenue Code.

The merger is conditioned on P&G's receipt of a letter ruling from the Internal Revenue Service with respect to specified issues relating to the tax treatment of the transactions related to the merger. See "The Merger Agreement -- Conditions to the Completion of the Merger" beginning on page . The letter ruling, while generally binding on the Internal Revenue Service, will be based on certain factual representations and assumptions described in the ruling and set forth in the ruling request. If any assumptions or representations are incorrect or untrue in any material respect, the letter ruling may be invalidated.

The merger is also conditioned on receipt by Smucker and P&G of opinions from their tax advisor and tax counsel, respectively, that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. An opinion of such advisor or counsel is not binding on the Internal Revenue Service or the courts, and we cannot assure you that the Internal Revenue Service will not challenge the tax treatment of the merger.

A successful Internal Revenue Service challenge to the reorganization status of the merger would result in Smucker shareholders recognizing taxable gain or loss with respect to each current Smucker common share surrendered equal to the difference between the shareholder's basis in that share and the fair market value, as of the effective time of the merger, of the new Smucker common shares received in the exchange. In this event, a shareholder's aggregate basis

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in the new Smucker common shares received would equal its fair market value, and the shareholder's holding period for that stock would begin the day after the merger.

32

CONSEQUENCES OF THE MERGER

The following describes the tax consequences of the merger to Smucker shareholders and Smucker, assuming that the merger constitutes a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

SMUCKER SHAREHOLDERS

- No gain or loss will be recognized by Smucker shareholders upon their exchange of current Smucker common shares for new Smucker common shares (except as described below with respect to cash received in addition to new Smucker common shares, and cash received in lieu of fractional shares).
- If cash is received, gain, if any, will be recognized by each Smucker shareholder upon the exchange of his or her current Smucker common shares for new Smucker common shares and cash in the merger. The amount of the gain will be the lesser of (a) the amount, if any, by which the sum of the cash and fair market value, as of the effective date, of new Smucker common shares received with respect to each share of Smucker common stock exceeds the shareholder's tax basis in each exchanged Smucker share and (b) the amount of cash received. No loss will be recognized by the shareholders of Smucker common shares upon the exchange of their current Smucker common shares for new Smucker common shares and cash in the merger.
- Each Smucker shareholder's tax basis in the new Smucker common shares he or she receives in the merger (including any fractional share of new Smucker common shares for which cash is received) will be the same as the tax basis of the current Smucker common shares surrendered in exchange therefor, decreased by the amount of cash received, and increased by the amount of gain recognized.
- Each Smucker shareholder's holding period in the new Smucker common shares that the shareholder receives in the merger will include the period he or she held the current Smucker common shares surrendered in exchange therefor.
- Each Smucker shareholder who receives cash in lieu of a fractional Smucker common shares will be treated as having received such fractional shares pursuant to the merger and then as having exchanged such fractional share for cash in a redemption by Smucker. The amount of any gain or loss will be equal to the difference between the amount of cash and the tax basis allocated to the fractional share.

SMUCKER

The merger should not result in any material tax consequences to Smucker.

SMUCKER SHAREHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE MERGER.

ACCOUNTING TREATMENT

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The merger will be accounted for as a purchase business combination. For accounting purposes, Smucker will be treated as the acquiring enterprise. Smucker will establish a new accounting basis for the Jif and Crisco tangible and specifically identifiable intangible assets and liabilities based upon their estimated fair values at the date of the merger. Any excess of the purchase price over the estimated fair values of the Jif and Crisco tangible and specifically identifiable intangible assets and liabilities will be recorded as goodwill. Goodwill will not be amortized but will be subject to impairment testing. A final determination of the fair values has not been made. For purposes of disclosing pro forma information in this document, however, Smucker has made a preliminary determination of the purchase price allocation, based upon current estimates and assumptions, which is subject to revision as additional information becomes available.

33

REGULATORY APPROVALS

HSR ACT

Under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, Smucker and P&G were required to give notification and furnish information to the Federal Trade Commission and the Antitrust Division of the Department of Justice and to wait the specified waiting period before they can complete the merger. Each of Smucker and P&G filed the required notification and report forms with the Federal Trade Commission and the Antitrust Division on October 25, 2001. Smucker and P&G received early termination of the statutory waiting period under the HSR Act on November 7, 2001. In addition to the foregoing, the merger is subject to state antitrust laws and could be the subject of challenges by state attorneys general under those laws, or by private parties under federal or state antitrust laws.

FOREIGN REGULATORY FILINGS

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

DISSENTERS' RIGHTS

Smucker shareholders that so desire are entitled to relief as dissenting shareholders under Ohio Revised Code Section 1701.85. A shareholder will be entitled to this relief, however, only if the shareholder complies strictly with all of the procedural and other requirements of Section 1701.85. The following summary is not a complete statement of the method of compliance with Section 1701.85 and is qualified in its entirety by reference to the copy of Section 1701.85 and Section 1701.84 (which is referenced in Section 1701.85) attached to this document as Annex E.

A shareholder who wishes to perfect rights as a dissenting shareholder in

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the event the merger is approved:

- must have been a record holder of the Smucker common shares as to which the shareholder seeks relief on February 8, 2002, the record date for the special meeting;
- must not have voted the shareholder's current Smucker common shares in favor of adoption of the merger agreement (holders who sign proxies that do not indicate how the shares should be voted will be voted in favor of adoption of the merger agreement and will not be eligible for dissenters' rights); and
- must deliver to Smucker, not later than ten days after the special meeting, a written demand for payment of the fair cash value of the Smucker common shares as to which the shareholder seeks relief. The written demand must state the shareholder's name, address, and number of common shares as to which relief is sought, and the amount claimed as the fair cash value of those shares.

A vote against the merger will not satisfy the requirement of a written demand for payment. Any written demand for payment should be mailed or delivered to:

The J. M. Smucker Company
Strawberry Lane
Orrville, Ohio 44667
Attention: Corporate Secretary

34

Because the written demand must be delivered to Smucker within the ten-day period following the special meeting, it is recommended, although not required, that a shareholder use certified or registered mail, return receipt requested, to confirm that the shareholder has made a timely delivery.

If Smucker sends the dissenting shareholder, at the address specified in the demand, a request for the certificate(s) representing the shareholder's shares, the dissenting shareholder must deliver the certificate(s) to Smucker within 15 days following the date the request was sent. Smucker may endorse the certificate(s) with a legend to the effect that the shareholder has demanded fair cash value of the shares represented by the certificate(s). Failure to deliver the certificate(s) within 15 days of the request terminates the shareholder's rights as a dissenting shareholder. Smucker must notify the shareholder of its election to terminate the shareholder's rights as a dissenting shareholder within 20 days after the lapse of the 15-day period.

Unless the dissenting shareholder and Smucker agree on the fair cash value per Smucker common share, the shareholder must, within three months after the service of the written demand by the shareholder, file a petition in the Court of Common Pleas of Wayne County, Ohio. If the court finds that the shareholder is entitled to be paid the fair cash value of current Smucker common shares, the court may appoint one or more appraisers to receive evidence and to recommend a decision on the amount of the fair cash value. Fair cash value:

- will be determined as of the day prior to the special meeting;
- will be the amount a willing seller and willing buyer would accept or pay with neither being under compulsion to sell or buy;

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- will not exceed the amount specified in the shareholder's written demand; and
- will exclude any appreciation or depreciation in market value resulting from the merger.

The court will make a finding as to the fair cash value of a current Smucker common share and render judgment against Smucker for its payment with interest at a rate and from a date the court considers equitable. The costs of proceedings shall be assessed or apportioned as the court considers equitable.

The rights of any dissenting shareholder will terminate if:

- the dissenting shareholder has not complied with Section 1701.85, unless Smucker, by its board of directors, waives the failure;
- Smucker abandons or is finally enjoined or prevented from completing the merger, or the shareholders of Smucker rescind their approval of the merger;
- the dissenting shareholder withdraws their written demand, with the consent of Smucker acting through its board of directors; or
- Smucker and the dissenting shareholder have not agreed upon the fair cash value per Smucker common share and neither has timely filed or joined in a petition in an appropriate court for a determination of the fair cash value of Smucker common shares.

35

THE SPECIAL MEETING

PURPOSE, TIME AND PLACE

The special meeting will be held at The Arden Shisler Center for Education & Economic Development, 1625 Wilson Road, Wooster, Ohio (adjacent to Fisher Auditorium on the campus of the Ohio Agricultural Research and Development Center) on _____, 2002, at 11:00 a.m., Eastern Standard Time. The purposes of the special meeting are for you to consider and vote upon a proposal to approve the merger of P&G's Jif and Crisco businesses into Smucker by adopting the merger agreement attached as Annex A to this document and to consider any other matter that may properly come before the meeting. We currently expect that no other matters will be considered at the special meeting.

The Smucker board of directors has unanimously approved the merger and has adopted the merger agreement and recommends that you vote FOR the merger by adopting the merger agreement.

RECORD DATE; VOTING INFORMATION

The Smucker board of directors has fixed the close of business on February 8, 2002 as the record date for determining the holders of Smucker common shares entitled to notice of, and to vote at, the special meeting. Only holders of record of Smucker common shares at the close of business on the record date will be entitled to notice of, and to vote at, the special meeting.

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As of the record date, 24,836,836 Smucker common shares were issued and outstanding and entitled to vote at the special meeting. Smucker's current amended articles of incorporation provide generally that each Smucker common share may entitle the holder to ten votes on each matter to be considered at the special meeting. If, though, there has been a change in beneficial ownership of a Smucker common share during the four years immediately preceding the record date, the current owner of that share will be entitled to only one vote with respect to that share until four years pass without a change in beneficial ownership of the share. Common shares that formerly were Class B common shares prior to the combination of the Class A and Class B common shares on August 28, 2000, are an exception to these general voting provisions. Holders of these formerly Class B common shares are currently entitled to one vote per share at the special meeting until such shares are held for four years from the effective date of the combination without a change in beneficial ownership.

As indicated above, the number of votes that holders of Smucker common shares will be entitled to cast at the special meeting will depend on how long they have owned the shares and whether their shares formerly were Class A or Class B shares prior to the combination of the two classes on August 28, 2000. Specifically:

- If you own former Class A common shares that were purchased prior to February 8, 1998 you will be entitled to ten votes for each of those shares. You will have only one vote per share, though, for former Class A common shares purchased on or after February 8, 1998.

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

- If you own former Class B common shares, you will be entitled to one vote per share.
- If you own Smucker common shares purchased after August 28, 2000, you will be entitled to one vote per share.

Smucker has developed procedures regarding the proof that will be required for determinations of beneficial ownership. If you own Smucker common shares that are held in street name and that you acquired before February 8, 1998, you are requested to certify three things, in writing.

- the total number of shares that you beneficially own,

36

- of the shares beneficially owned by you, how many have been owned since before February 8, 1998, and
- of those shares beneficially owned by you since before February 8, 1998, how many were formerly Class A shares and how many were formerly Class B shares.

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

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

Smucker's corporate secretary reserves the right, in his sole discretion, to require such additional evidence as may be necessary to confirm that there has been no change in beneficial ownership during the four years preceding the record date.

Based on the information with respect to beneficial ownership Smucker possesses on the date of this document, the holders of between and 11,740,988 Smucker common shares will be entitled to exercise ten votes per share at the special meeting, and the holders of the remainder of the outstanding Smucker common shares will be entitled to exercise one vote per share. The actual voting power of each holder of Smucker common shares will be based on information Smucker possesses at the time of the special meeting. If you are a record holder of Smucker common shares on the record date, you may vote your Smucker common shares in person at the special meeting or by proxy as described below under "Voting by Proxy."

At the special meeting, the inspector of elections will tabulate the results of shareholder voting. The presence in person or by proxy at the special meeting of the holders of Smucker common shares entitled to exercise at least a majority of the outstanding voting power of the Smucker common shares, giving effect to ten-vote shares, will constitute a quorum for the special meeting. Properly signed proxies that are marked "abstain" are known as "abstentions." Properly signed proxies that are held in "street name" by brokers and not voted on one or more of the items before the special meeting but are otherwise voted on at least one item, are known as "broker non-votes." Abstentions and broker non-votes will be counted for the purposes of determining whether a quorum has been achieved at the special meeting. As there are no matters expected to be voted on at the special meeting other than the merger, shares not voted by brokers will in effect be absent and not available to count toward the quorum requirements.

VOTING BY PROXY

The affirmative vote of the holders of two-thirds of the outstanding voting power of Smucker common shares, giving effect to ten-vote shares, on the record date is required to approve the merger. If you vote your Smucker common shares by signing a proxy and returning it in time for the special meeting, your shares will be voted as indicated on your card. If your proxy is properly executed but does not contain voting instructions, your proxy will be voted FOR the merger. If you do not vote, it will have the same effect as a vote against the proposal to approve the merger. In addition, abstentions and broker non-votes will have the same effect as votes against the merger. If other matters are properly presented before the special meeting, the persons named in your proxy will have authority to vote in accordance with their judgment on any other such matter, including, without limitation, any proposal to adjourn or postpone the meeting or otherwise concerning the conduct of the meeting. However, a proxy that has been designated to vote against the merger will not be voted, either directly or through a separate proposal, to adjourn the special meeting to solicit additional votes. We do not currently expect that any matter other than as described in this document will be brought before the special meeting.

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If your broker holds your shares, you must either direct your broker on how to vote your shares or obtain a proxy from your broker to vote at the special meeting.

37

REVOCATION OF PROXIES

Without affecting any vote previously taken, if you are a record holder, you may revoke your proxy in any of the following ways:

- sending a written notice to Smucker's corporate secretary that is received prior to the special meeting and states that you are revoking your proxy;
- signing a new, later-dated proxy card(s) that is received by Smucker's proxy solicitor prior to the special meeting; or
- obtaining an admission card, attending the special meeting and voting in person.

Simply attending the special meeting will not revoke your proxy. If you instructed a broker to vote your shares, you must follow your broker's directions for changing those instructions. If an adjournment occurs and no new record date is set, it will have no effect on the ability of shareholders of record as of the record date to exercise their voting rights or to revoke any previously delivered proxies.

SHARE OWNERSHIP OF MANAGEMENT AND CERTAIN SHAREHOLDERS

As of the record date, Smucker directors and executive officers as a group owned and were entitled to vote approximately 15% of the outstanding Smucker common shares. These shares represent approximately 30% of the outstanding voting power of Smucker common shares, based on Smucker's current best estimate of the voting power of these shareholders under Smucker's current time phase voting requirements. All of the directors and executive officers of Smucker that are entitled to vote at the Smucker special meeting have indicated that they intend to vote their shares in favor of the merger.

In addition, pursuant to the terms of the voting agreement between several Smucker family members and P&G, those Smucker shareholders that are parties to the voting agreement have agreed in writing to vote their shares, and have granted P&G a proxy to vote their shares, in favor of the merger and against any competing or superior proposals or proposals that would hinder or delay the completion of the merger. As of the record date Smucker estimates that these shareholders hold approximately 52% of the voting power of the outstanding Smucker common shares. For a more complete description of the voting agreement, see "The Voting Agreement."

SOLICITATION OF PROXIES

This document is being furnished to you in connection with the Smucker board of directors' solicitation of proxies from the holders of Smucker common shares for use at the special meeting. In addition to solicitation by mail, Smucker may solicit proxies in person, by telephone, telecopy, or e-mail. Also, Smucker has engaged a professional proxy solicitation firm, Georgeson Shareholder Communications, Inc., to assist it in soliciting proxies. Smucker will pay to Georgeson Shareholder Communications, Inc. a fee of \$25,000 plus

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expenses for its services and will bear all costs of the proxy solicitation.

SHAREHOLDERS SHOULD NOT SEND SHARE CERTIFICATES WITH THEIR PROXY CARDS.

38

BUSINESS OF SMUCKER

Following the merger, Smucker will operate the Jif and Crisco businesses under their current brand names, and will also continue its current businesses and retain its current brand names. Smucker will continue to use the name "The J. M. Smucker Company" after the merger.

OVERVIEW AND PRODUCTS

Smucker currently is a leading North American manufacturer and marketer of fruit spreads, natural peanut butter, dessert toppings and health and natural foods beverages. Through the merger we will also become a leading manufacturer and marketer of stabilized peanut butter, oils, and shortening. For the fiscal year ended April 30, 2001, Smucker had net sales of \$651.2 million and earnings before interest, taxes, depreciation and amortization (EBITDA) of \$83.7 million, excluding the impact of nonrecurring charges. For the fiscal year ended June 30, 2001, Jif and Crisco had combined net sales of \$615.3 million and excess of net revenues over direct costs of products sold, direct marketing expenses, and direct administrative and other expenses of \$178.7 million. Information regarding pro forma earnings for the combined company are set forth in the unaudited condensed combined pro forma financial statements included in this document. We urge you to read those statements carefully for a more complete understanding of the combined business operations of Smucker, Jif and Crisco.

In addition to the products mentioned in the preceding paragraph, we also manufacture industrial fruit products such as bakery and yogurt fillings, fruit and vegetable juices, juice beverages, syrups, condiments, and gift packages. Our products are sold under numerous trademarks owned by Smucker, including Smucker's, Dickinson's, Baking Healthy, Lost Acres, Mary Ellen, Adams, Laura Scudder's, Goober, Simply Fruit, Magic Shell, Sundae Syrup, Smucker's Snackers, Uncrustables, IXL, Double Fruit, Good Morning, The R.W. Knudsen Family, After The Fall, Simply Nutritious, Recharge, Santa Cruz Organic, and Spritzer. We also license the use of several other trademarks.

In the United States, these products are primarily sold through brokers to food retailers, food wholesalers, club stores, mass merchandisers, military commissaries, health and natural food stores, foodservice distributors and chain operators, and to other food manufacturers. Smucker's distribution outside the United States is principally in Canada, Australia, Brazil, Mexico, China and the Pacific Rim, Europe, and the Middle East.

Through the merger, the Jif business will become part of Smucker. The Jif brand has been a leader in the peanut butter category for over 20 years. In 2000, the Jif brand constituted over 34% of the dollar sales of stabilized peanut butter in the United States. The Jif brand is marked by its distinct product differentiation ("more fresh roasted peanut taste") and a consistent advertising campaign ("Choosy Moms Choose Jif"). Jif's products include Jif peanut butter in Regular, Reduced Fat and Simply Jif varieties and Jif Smooth Sensations in Apple Cinnamon, Chocolate Silk, and Berry Blend varieties. Jif peanut butter products are sold primarily in the United States through food retailers, food wholesalers, club stores, and mass merchandisers.

Smucker also manufactures and markets natural peanut butter products under the Smucker's, Adams, and Laura Scudder's trademarks and peanut butter and jelly combination products under the Smucker's Goober trademark.

Through the merger, the Crisco business will become part of Smucker. Crisco has been a leader in the shortening and cooking oils category for over 50 years. In 2000, the Crisco brand constituted over 24% of the dollar sales of shortening, cooking oils, and sprays in the United States. Crisco products were introduced in 1911 and now include shortening, sprays, and cooking oils. Crisco products are sold primarily in the United States to food retailers, food wholesalers, club stores, and mass merchandisers. Crisco products are distributed to the Canadian market as well. Crisco's oils business holds the number one volume share position among branded competitors in the grocery and drug channels, and the number one overall share with mass merchandisers. Crisco has a portfolio of U.S. and foreign patents and pending applications relating to processes and products. Smucker currently does not participate in the shortening, cooking oils, or sprays categories.

39

STRATEGY AND COMPETITIVE STRENGTHS

Our strategic objectives are to develop and improve our leading positions for our core products through superior quality, product differentiation and innovation, and expansion of our product offerings. Our goals are to increase market share in our product categories by:

- maintaining and leveraging the strength of our well-recognized brands;
- expanding our product offerings by developing innovative new products that incorporate our core products and that complement our brand images; and
- completing selective acquisitions of food businesses in our core categories or of other leading North American retail food brands with products that leverage our strong distribution network.

The key components of our short-term strategy will be to focus on integration of the Jif and Crisco businesses, and on internal product development to expand our product offerings and leverage our brand names and distribution network. Smucker expects to integrate these business in an efficient manner by transitioning and training employees for Smucker's combined businesses and by capitalizing on our existing broker networks to distribute the products of all three businesses. Following the merger, Smucker expects sales to approximately double to \$1.3 billion. For the first full year after integration, Smucker projects net earnings before one-time costs associated with the merger to be in the range of \$95 to \$105 million, approximately three times Smucker's current levels.

We also expect to leverage Smucker's existing corporate infrastructure to support the Jif and Crisco businesses, and capitalize on our business' existing broker network for product distribution to better serve customers. We also plan to support the Jif and Crisco brands by increasing marketing investment over current levels. We may also use our strong balance sheet to finance strategic acquisitions.

We believe our competitive strengths will include the following:

- **STRONG DISTRIBUTION CHANNELS.** All of our core products -- fruit spreads, dessert toppings, peanut butter and peanut butter products, shortenings, oils and fruit and juice beverages -- are typically sold to food retailers, food wholesalers, club stores, mass merchandisers, military commissaries, and health and natural foods stores. We focus on the sale of branded food products with leadership positions to consumers through

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mainstream U.S. Retail grocery outlets and the strength of our new Jif and Crisco brands will give us a more focused presence with our customers and help us serve them better.

- WELL-RECOGNIZED BRAND NAMES. Smucker's, Jif, and Crisco are some of the most recognized brand names in the food industry, and are associated with quality and American icon food products. The addition of Jif to our family of products will enhance our ability to leverage our brand leadership in fruit spread products.
- STRONG BRAND MANAGEMENT. We have a strong continuity of management experience in successfully managing premier consumer food brands. Our co-chief executive officers, Timothy P. Smucker and Richard K. Smucker, are the fourth generation of Smucker family management since Smucker was founded. Our general managers, Vincent C. Byrd, who is Vice President and General Manager, Consumer Market, has over 25 years of experience, and Steven T. Oakland, who will be Vice President and General Manager of the Crisco brands, has nearly 20 years of experience, with Smucker, including experience in managing premier branded food businesses.
- EXCELLENT BROKER NETWORK. We believe our food broker network is one of the strongest in the industry. Addition of the Jif and Crisco products will enable us to leverage our broker network on a much higher volume of sales. We expect that this higher volume will increase our brokers' focus on our products and better serve our food retailers and other distribution channels.

40

EMPLOYEES

Following the merger, Smucker expects to employ approximately 2,700 full-time employees worldwide. Of those employees, approximately 760 current Smucker employees located at six Smucker facilities are covered by union contracts between Smucker and the teamsters union. These contracts vary in term depending on the location. In addition, hourly employees of P&G's Crisco facility are covered by a union contract. It is not known whether the union at the Crisco location will continue to represent these employees after the merger. Smucker believes its relations with its current employees are good.

LEGAL PROCEEDINGS

None of Smucker, Jif, or Crisco is a party to any pending legal proceeding that would be considered material to Smucker.

PROPERTIES

Through the merger, Smucker will acquire properties located in Lexington, Kentucky, and Cincinnati, Ohio. Following the merger, Smucker's manufacturing and processing facilities will include those listed below. All of the properties listed below are owned properties except for the West Fargo, North Dakota location, which is leased. The corporate headquarters of Smucker will continue to be located in Orrville, Ohio. Smucker believes that it has, and following the merger will have, sufficient capacity at its facilities to sustain its current operations and anticipated growth.

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<p>DOMESTIC MANUFACTURING LOCATIONS</p> <p>Orrville, Ohio</p> <p>Salinas, California</p> <p>Memphis, Tennessee</p> <p>Ripon, Wisconsin</p> <p>New Bethlehem, Pennsylvania</p> <p>Chico, California</p> <p>Havre de Grace, Maryland</p> <p>West Fargo, North Dakota</p> <p>Lexington, Kentucky</p> <p>Cincinnati, Ohio</p>	<p>PRODUCTS PRODUCED</p> <p>Fruit spreads, toppings, industrial fruit products, Smucker's Snackers</p> <p>Fruit spreads, toppings, syrups</p> <p>Fruit spreads, toppings</p> <p>Fruit spreads, toppings, condiments, industrial fruit products</p> <p>Peanut butter and Goober</p> <p>Fruit and vegetable juices, beverages</p> <p>Fruit and vegetable juices, beverages</p> <p>Frozen peanut butter and jelly sandwiches</p> <p>Peanut butters, reduced-fat peanut spreads, and flavored peanut spreads</p> <p>Shortening and cooking oils</p>
<p>RAW MATERIAL PROCESSING LOCATIONS</p> <p>Watsonville, California</p> <p>Woodburn, Oregon</p> <p>Grandview, Washington</p> <p>Oxnard, California</p> <p>Lexington, Kentucky</p> <p>Cincinnati, Ohio</p>	<p>PRODUCTS PROCESSED</p> <p>Strawberries, oranges, peaches, apricots. Also, produces industrial fruit products and frozen peanut butter and jelly sandwiches</p> <p>Strawberries, raspberries, blackberries, blueberries. Also produces industrial fruit products</p> <p>Grapes, cherries, strawberries, cranberries, apples, boysenberries, blackberries, red raspberries, red currants, and pears</p> <p>Strawberries</p> <p>Peanuts</p> <p>Edible oils</p>
<p>INTERNATIONAL MANUFACTURING LOCATIONS</p> <p>Ste-Marie, Quebec, Canada</p> <p>Kyabram, Victoria, Australia</p> <p>Livingston, Scotland</p> <p>Sao Jose do Rio Pardo, Brazil</p>	<p>PRODUCTS PRODUCED</p> <p>Fruit spreads, sweet spreads, industrial products</p> <p>Fruit spreads, toppings, fruit pulps, fruit bars</p> <p>Industrial fruit products</p> <p>Industrial fruit products</p>

41

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE JIF AND CRISCO BUSINESSES OF THE PROCTER & GAMBLE COMPANY

The following discussion and analysis of the Jif and Crisco businesses' financial condition and results of operations should be read in conjunction with the historical financial information included in their Combined Statements of Inventory and Property, Plant and Equipment - Net as of June 30, 2001 and 2000 and the Combined Statements of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses for each of the three years in the period ended June 30, 2001 (the "Combined Statements"). The Jif and Crisco businesses are P&G brands and accordingly, all of the information presented below represents the operations of these businesses when managed by P&G. Unless otherwise noted, years (2001, 2000, etc.) in this discussion refer to Jif and Crisco's fiscal years ended June 30.

Jif is the world's leading producer of stabilized peanut butter with over 34% dollar share in the United States. The Jif brand is marked by its distinct product differentiation and a consistent advertising campaign. Jif peanut butter

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products are sold primarily in the United States through food retailers, food wholesalers, club stores and mass merchandisers.

Crisco has been the leader in the shortening and cooking oils categories for over 50 years. The oils business holds the number one volume share position among branded competitors in food and drug channels, and the number one overall share with mass merchandisers. Crisco has over 24% dollar share in the combined oils, shortening and cooking spray market.

42

COMBINED STATEMENTS OF REVENUES,
DIRECT COST OF PRODUCTS SOLD, DIRECT MARKETING EXPENSES AND DIRECT
ADMINISTRATIVE AND OTHER EXPENSES

The following table sets forth the percentage of each line item in the Combined Statements in relation to net revenues. The basis of presentation of the Combined Statements is disclosed in Note 1 to the Combined Statements included in this document.

	2001		2000		1999	
	(DOLLARS IN THOUSANDS)					
Net Revenues.....	\$615,300	100.0%	\$647,200	100.0%	\$653,600	100.0%
Direct Cost of Products Sold.....	400,000	65.0	421,000	65.0	451,200	69.0
	-----	-----	-----	-----	-----	-----
	215,300	35.0	226,200	35.0	202,400	31.0
Direct Marketing Expenses.....	22,700	3.7	39,700	6.2	20,600	3.2
Direct Administrative and Other Expenses.....	13,900	2.3	14,400	2.2	14,000	2.1
	-----	-----	-----	-----	-----	-----
Excess of Net Revenues Over Direct Cost of Products Sold, Direct Marketing Expenses, and Direct Administrative and Other Expenses....	\$178,700	29.0	\$172,100	26.6	\$167,800	25.7
	=====	=====	=====	=====	=====	=====

YEAR ENDED JUNE 30, 2001 COMPARED TO YEAR ENDED JUNE 30, 2000

NET REVENUES

Net revenues for the year ended June 30, 2001 of \$615.3 million were 4.9% lower than net revenues of \$647.2 million for fiscal 2000. Net revenues of the Jif business decreased \$10.7 million due primarily to a decline in Jif Smooth Sensations volume after its initial launch in 2000. Net revenues of the Crisco business decreased \$21.2 million due primarily to a 5.0% decline in overall volume.

DIRECT COST OF PRODUCTS SOLD

Direct cost of products sold is driven primarily by material pricing (i.e., oils, peanuts and packaging costs). Direct costs of product sold for the year ended June 30, 2001 of \$400.0 million were 5.0% lower than direct costs of product sold for fiscal 2000 and were flat as a percent of net revenue from 2000 to 2001. This constant margin is primarily due to various cost savings programs which offset a significant increase in certain material costs. These cost savings activities included the elimination of losses in the supply chain,

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packaging material cost savings and improved manufacturing process reliability. For Crisco, a decrease of \$13.2 million is due primarily to packaging material cost reductions.

DIRECT MARKETING EXPENSES

Direct marketing costs decreased by \$14.8 and \$2.2 million from fiscal 2000 to fiscal 2001 for Jif and Crisco, respectively. The Jif decrease is due primarily to an increase in initiative spending in fiscal 2000 related to the Smooth Sensations launch. The Crisco decrease is due to increased spending in fiscal 2000 related to local and regional promotions and the development of the Crisco.com web site.

EXCESS OF NET REVENUES OVER DIRECT COST OF PRODUCTS SOLD, DIRECT MARKETING EXPENSES, AND DIRECT ADMINISTRATIVE AND OTHER EXPENSES ("EXCESS CONTRIBUTION")

Excess contribution increased 3.8% from \$172.1 million in fiscal 2000 to \$178.7 million in fiscal 2001. This increase was due to a return to Jif's historical levels of marketing spending and a strategic price increase during fiscal 2001 offset by a 5.0% decrease in excess contribution of Crisco due primarily to a decline in sales volume.

43

YEAR ENDED JUNE 30, 2000 COMPARED TO YEAR ENDED JUNE 30, 1999

NET REVENUES

Net revenues of \$647.2 million in 2000 decreased less than 1.0% from net revenues of \$653.6 million in fiscal 1999. This decrease resulted from a decline in Crisco's net revenues of \$21.0 million, offset by an increase in Jif's net revenues of \$14.6 million. The decrease in net revenue of Crisco was a result of a drop in crude edible oil prices and related oil list prices, consistent with the brands' transparent pricing strategy, partially offset by a 5.0% increase in overall sales volume in fiscal 2000. The increase in net revenues of Jif resulted primarily from the June 1999 launch of Jif Smooth Sensations.

DIRECT COST OF PRODUCTS SOLD

Direct cost of products sold for the year ended June 30, 2000 of \$421.0 million were \$30.2 million lower than direct costs of product sold for fiscal 1999. This decrease resulted from a decrease of direct cost of products sold of Crisco amounting to \$36.9 million partially offset by the volume-related increase in direct cost of products sold of Jif amounting to \$6.7 million. The decrease for Crisco resulted primarily from cost reduction in edible oils and also from significant cost savings activities. These cost savings activities include an improvement in manufacturing process reliability, reduction in headcount, elimination of losses in the supply chain and packaging material cost savings programs. From 1999 to 2000, direct cost of products sold as a percent of net revenues for Jif declined from 67% to 66% driven primarily by a decline in the cost of peanuts.

DIRECT MARKETING EXPENSES

Direct marketing expenses for the year ended June 30, 2000 of \$39.7 million were approximately \$19.1 million higher than expenses in fiscal 1999 of \$20.6 million. This increase is due to an increase of Jif direct marketing expenses of \$15.7 million and an increase of Crisco direct marketing expenses of \$3.4 million. The Jif increase is due primarily to an increase in initiative spending in fiscal 2000 related to the Smooth Sensations launch. The Crisco increase in spending in 2000 is related to local and regional promotions and the development

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of the Crisco.com web site.

EXCESS OF NET REVENUES OVER DIRECT COST OF PRODUCTS SOLD, DIRECT MARKETING,
AND DIRECT ADMINISTRATIVE AND OTHER EXPENSES ("EXCESS CONTRIBUTION")

Excess contribution increased 2.6% from \$167.8 million in fiscal 1999 to \$172.1 million in fiscal 2000. This increase was due to an increase in Crisco's sales volume in combination with a decrease in edible oils costs offset by a decrease in Jif's excess contribution due primarily to increased spending associated with the Jif Smooth Sensations launch.

SIX MONTHS ENDED DECEMBER 31, 2001 COMPARED TO SIX MONTHS ENDED DECEMBER 31,
2000

The following discussion and analysis of the Jif and Crisco businesses' financial condition and results of operations should be read in conjunction with the historical financial information included in their unaudited Combined Statements of Inventory and Property, Plant and Equipment -- Net as of December 31, 2001 and the unaudited Combined Statements of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses for the six month periods ended December 31, 2001 and 2000.

44

	SIX MONTHS ENDED DECEMBER 31,			
	2001		2000	
	-----	-----	-----	-----
	(DOLLARS IN THOUSANDS)			
Net Revenues.....	\$331,200	100.0%	\$349,800	100.0%
Direct Cost of Products Sold.....	207,200	62.6	226,500	64.7
	-----	-----	-----	-----
	124,000	37.4	123,300	35.3
Direct Marketing Expenses.....	12,900	3.9	12,500	3.6
Direct Administrative and Other Expenses.....	5,300	1.6	7,000	2.0
	-----	-----	-----	-----
Excess of Net Revenues Over Direct Cost of Products Sold, Direct Marketing Expenses, and Direct Administrative and Other Expenses.....	\$105,800	31.9	\$103,800	29.7
	=====	=====	=====	=====

NET REVENUES

Net revenues for the six months ended December 31, 2001 of \$331.2 million were \$18.6 million lower than net revenues of \$349.8 million for the six months ended December 31, 2000. This decrease was a result of a decline in Crisco volume driven primarily by high competitive promotion activity.

DIRECT COST OF PRODUCTS SOLD

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As a percent of net revenues, direct cost of products sold for the six months ended December 31, 2001 of \$207.2 million were 2.1% lower than direct cost of products sold for the same period of the prior year. This decrease was driven primarily by the effects of edible oil cost management activities and a decline of Jif direct cost of products sold due primarily to cost savings initiatives.

EXCESS OF NET REVENUES OVER DIRECT COST OF PRODUCTS SOLD, DIRECT MARKETING EXPENSES, AND DIRECT ADMINISTRATIVE AND OTHER EXPENSES ("EXCESS CONTRIBUTION")

Excess contribution increased 1.9% from \$103.8 million for the six months ended December 31, 2000 to \$105.8 million for the six months ended December 31, 2001. Both the Crisco and Jif businesses contributed to this increase in excess contribution. The Crisco increase is due primarily to the effects of edible oil cost management activities and the Jif increase is due primarily to cost savings from programs initiated in the previous fiscal year.

45

THE MERGER AGREEMENT

SUMMARY OF THE TRANSACTIONS

In connection with the merger, P&G will contribute its Jif and Crisco businesses to P&G Ohio pursuant to the terms of a contribution agreement. For a summary of the terms and conditions of the contribution agreement, see "The Contribution Agreement." After the contribution and immediately prior to the merger, P&G will spin off P&G Ohio to the shareholders of P&G by distributing all of the P&G Ohio common shares to P&G shareholders on a pro rata basis. P&G Ohio will then be merged with and into Smucker in accordance with the terms of a merger agreement, summarized below. Smucker will be the surviving corporation of the merger.

GENERAL

The Smucker board of directors has unanimously approved the merger and the merger agreement. This section of the document describes important provisions of the merger agreement. This description is not a complete description of the terms and conditions of the merger agreement and is qualified by reference to the full text of the merger agreement, a copy of which is attached to this document as Annex A and is incorporated by reference into this document. Smucker urges you to read the merger agreement carefully and in its entirety.

TIMING OF CLOSING

The merger will be completed upon the filing of a certificate of merger with the Secretary of State of the State of Ohio in accordance with Ohio law. Smucker expects to file the certificate of merger as soon as practicable following the satisfaction (or waiver, if permissible) of the conditions to the closing of the merger. A summary of those conditions is set forth below in this summary under the heading "Conditions to the Completion of the Merger." If the conditions to the merger are met, Smucker and P&G currently expect that the merger would be completed during the first or second calendar quarter of 2002.

ARTICLES OF INCORPORATION AND REGULATIONS OF SMUCKER

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Following the completion of the merger, Smucker's articles of incorporation will be in the form of the articles of incorporation attached to this document as Annex F. For a more complete understanding of the differences between Smucker's current articles of incorporation and the articles of incorporation of Smucker following the merger, see "Comparison of the Rights of Smucker Shareholders Before and After the Merger." Smucker's regulations will not change as a result of the merger.

BOARD OF DIRECTORS AND OFFICERS OF SMUCKER FOLLOWING THE COMPLETION OF THE MERGER

Smucker's current directors and officers will continue as the directors and officers of Smucker following the completion of the merger and will hold office until their respective successors are duly elected or appointed and qualified in the manner provided by Smucker's articles of incorporation and regulations in effect following the merger or as otherwise provided by law.

MERGER CONSIDERATION; CONVERSION OF SHARES

COMMON SHARES OF P&G OHIO

Each issued and outstanding share of P&G Ohio immediately prior to the closing of the merger (other than P&G Ohio common shares owned by Smucker or any direct or indirect wholly owned subsidiary of Smucker, except, in each case, trust accounts, managed accounts, custodial accounts and the like that are beneficially owned by third parties, or as to which appraisal rights have been perfected) will be converted into the right to receive one-fiftieth (1/50th) of a new Smucker common share. Following the merger, all P&G Ohio common shares will automatically be canceled and retired and will cease to exist.

46

COMMON SHARES OF SMUCKER

Each Smucker common share issued and outstanding immediately prior to the closing of the merger will be converted into a number of new Smucker common shares determined by dividing the number of new Smucker common shares to be issued to P&G Ohio shareholders in the merger by the number of Smucker common shares outstanding prior to the merger, and then multiplying that quotient by 0.9033. The above calculation assumes that P&G obtains all of the tax rulings that it is requesting in connection with the merger.

If, however, P&G does not obtain one or more of those tax rulings, it has the right to have fewer shares issued to the Smucker shareholders in the merger in order to avoid the potential negative tax effects that could result from not obtaining a particular ruling. The consideration to be paid to Smucker shareholders would in that case be adjusted to reduce the number of new Smucker common shares they would receive in the merger and by paying those shareholders a cash payment. The cash payment will be determined based upon the number of Smucker common shares that P&G believes are necessary to be redeemed to avoid the potential negative tax effects that could result from not obtaining all of the requested tax rulings. This cash payment to Smucker shareholders would be paid on a pro rata basis and P&G would contribute working capital to P&G Ohio equal to that payment. Currently, it is impossible to determine the exact number of new Smucker shares to be issued to Smucker shareholders and what cash payment, if any, they may receive because we cannot determine the number of Smucker common shares and P&G Ohio common shares that will be outstanding on the closing date and P&G's tax ruling requests are still pending. The determination of the number of new Smucker shares and the amount of cash, if any, to be issued to Smucker shareholders will be based on a formula, which is described below. For a general description of the conversion of Smucker common shares and

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examples of how that conversion might work, see "Summary -- Merger Consideration" on page of this document.

Each Smucker common share issued and outstanding immediately prior to the closing of the merger will be converted into the applicable percentage of a new Smucker common share set forth below and, to the extent that one or more supplemental tax rulings are not obtained, a cash amount as determined below.

- Applicable percentage. The applicable percentage is a fraction, the numerator of which is the product obtained by multiplying (i) the quotient obtained by dividing (A) the total number of new Smucker common shares to be issued to P&G shareholders in the merger by (B) the sum of (x) the product obtained by multiplying the total number of Smucker common shares outstanding immediately prior to the closing of the merger and 1.1070 and (y) the applicable number (described below), and (ii) the difference obtained by subtracting the applicable number from the total number of Smucker common shares outstanding immediately prior to the effective time of the merger; and the denominator of which is the total number of Smucker common shares outstanding immediately prior to the effective time of the merger. The applicable percentage will be expressed as a decimal and will be rounded to the fourth decimal place.

The applicable number is that number of Smucker common shares that P&G determines in good faith and in its sole discretion is required to be effectively redeemed by Smucker in order to, together with the corresponding adjustment to the applicable percentage set forth above, avoid the negative tax effects of failing to obtain certain tax rulings by providing that the holders of P&G Ohio common shares, as a group, and the holders of Smucker common shares, as a group, receive the same relative proportion of Smucker common shares to be issued in the merger, that they would have received if these tax rulings had been obtained. If P&G obtains all of the tax rulings that it is requesting in connection with the merger, the applicable number will be zero.

- Cash amount. The cash amount is the quotient obtained by dividing (i) the product obtained by multiplying (A) the applicable number by (B) a cash price equal to the average closing price for Smucker common shares on The New York Stock Exchange for the five trading days ending two trading days prior to the closing of the merger by (ii) the total number of Smucker common shares

47

outstanding immediately prior to the closing of the merger. If P&G obtains all tax rulings that it requests in connection with the merger, the cash amount will be zero.

EXCHANGE AGENT; PROCEDURES FOR EXCHANGE OF CERTIFICATES; FRACTIONAL SHARES

Prior to the completion of the merger, P&G will appoint a bank or trust company reasonably acceptable to Smucker to act as the exchange agent for the merger. Following the merger, Smucker will deposit with the exchange agent certificates representing new Smucker common shares to be issued to both Smucker and P&G shareholders. The exchange agent will then make the following distributions:

- certificates representing new Smucker common shares converted in accordance with the merger agreement;
- the amount of dividends or other distributions, if any, with a record date on or after the closing date of the merger that became payable on

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the new Smucker common shares since such date; and

- the cash payments, if any, to be paid to Smucker shareholders based on the results of P&G's requested tax rulings from the IRS.

All P&G Ohio common shares and Smucker common shares outstanding prior to the closing of the merger will be converted into new Smucker common shares. No interest will be paid on any funds to be received in the merger.

In lieu of any fractional new Smucker common shares, each P&G Ohio shareholder or Smucker shareholder who would otherwise have been entitled to a fraction of a new Smucker common share will receive a cash payment in lieu of that fractional share.

Holders of current Smucker common shares that fail to perfect their dissenters' rights in accordance with applicable Ohio law will have their current Smucker common shares exchanged in accordance with the procedures described above. For a discussion of the applicable provisions of Ohio law governing dissenters' rights, see the section of this document entitled "The Merger -- Dissenters' Rights."

REPRESENTATIONS AND WARRANTIES

Smucker and P&G have made certain customary representations and warranties in the merger agreement. Some of the most significant of these include, with respect to each company:

- that it is duly organized, validly existing and in good standing and has the requisite corporate power and authority to own, lease and operate and to carry on its businesses and that its businesses (in the case of P&G, the Jif and Crisco businesses) are duly qualified or licensed;
- that it has the full corporate power and authority to execute and deliver the merger agreement and related transaction agreements, that the execution, delivery and performance of the agreements have been properly authorized, and that, when executed and delivered by the other party, will be valid and binding obligations;
- subject to some exceptions, the absence of violations or conflicts of its charter documents or applicable laws, the absence of any governmental consent or approval and the absence of violations, breaches, or encumbrances on its assets or agreements (in the case of P&G, the Jif and Crisco businesses) upon the execution and delivery of the merger agreement and related transaction agreements;
- its capitalization; and
- the absence of untrue statements or omissions in this document with respect to the information supplied by it.

48

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

- the timely filing of all registration statements, prospectuses, forms, reports, and documents and related exhibits required to be filed by it under the Securities Act or the Exchange Act since December 31, 1998 and the absence in any such reports or documents of material misstatements or omissions as of the time of filing;

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- the absence of undisclosed liabilities from those set forth on Smucker's consolidated balance sheet as of April 30, 2001, included in its Form 10-K for the fiscal year ended April 30, 2001;
- the absence of events outside of the ordinary course of its business or where not material since April 30, 2001;
- the absence of material litigation not otherwise disclosed in its Form 10-K for the fiscal year ended April 30, 2001 or any developments in pending or threatened litigation that has had or could reasonably be expected to have a material adverse effect on Smucker;
- the vote required to approve the merger agreement and related transactions agreements and the transactions contemplated by those agreement and the recommendation of the board of directors with respect to the merger;
- the title to properties and assets and the absence of encumbrances on those properties and assets;
- compliance with applicable laws and possession of permits required for its operations;
- the existence of insurance coverage in accordance with normal industry practice for companies engaged in Smucker's business;
- the ownership or right to use its intellectual property;
- the provision to P&G of access to certain employee benefit materials, agreements, plans and policies and the administration of Smucker's compensation and benefit plans in accordance with applicable laws;
- the absence of facts which would furnish a substantial basis for or would reasonably be expected to cause Smucker to recall, withdraw or suspend its products from the market by the U.S. Food and Drug Administration or other governmental entity, or to change its marketing classification of those products, and that none of its products has been recalled at any time during the past year and there have been no proceedings during the past year seeking to recall, suspend or seize any of its products;
- that the execution and delivery of the merger agreement and the other transaction agreements and the consummation of the transactions contemplated by those agreements will not trigger Smucker's shareholders rights plan; and
- the absence of actions taken by it or actions failed to be taken by it or any facts or circumstances of which Smucker is aware that would prevent the merger from constituting a tax-free reorganization.

The representations and warranties made by each of Smucker and P&G in the merger agreement will not survive the closing of the merger.

COVENANTS

CONDUCT OF THE JIF AND CRISCO BUSINESSES

Prior to the closing of the merger, P&G has agreed to:

- conduct the Jif and Crisco businesses in all material respects only according to the ordinary and usual course of business consistent with past practice;

- use its reasonable best efforts to keep available the services of its employees to be transferred to Smucker in the merger;
- use its reasonable best efforts to maintain satisfactory relationships with third parties having significant business relationships with the Jif and Crisco businesses in the ordinary course;
- manage inventory levels consistent with past practice; and
- use its reasonable best efforts to cause the merger to qualify as a tax-free reorganization and not take any action that could prevent the merger from so qualifying.

In addition, except as otherwise provided in the merger agreement or with the prior written consent of Smucker, P&G has agreed to refrain from taking the following actions (subject to some exceptions for actions taken in the ordinary course of business or subject to certain negotiated dollar threshold limits):

- the sale, pledge, disposal of, grant, transfer, lease, license, guarantee, encumbrance, or authorization of those actions with respect to the Jif and Crisco assets;
- acquiring any interest in the Jif and Crisco assets or incurring any debt if Smucker would be required to assume that debt upon the completion of the merger;
- entering into media buy commitments for the Jif and Crisco businesses through March 2002 in excess of the budgeted amounts previously disclosed to Smucker;
- except as may be required by law, taking any action that is intended or may reasonably be expected to result in any of its representations or warranties set forth in the merger agreement being or becoming untrue in any material respect at any time prior to the closing of the merger or any conditions in the merger agreement not being satisfied or in a violation of any provision of the merger agreement;
- at any time after the record date set for the P&G Ohio spin off and prior to the closing of the merger, the issuance of any shares of its capital stock (other than in connection with the exercise of currently outstanding stock options for P&G common shares) or redeeming or otherwise acquiring or reclassifying, combining, splitting or subdividing any shares of its capital stock; and
- agreeing, in writing or otherwise, to take any of the above actions.

CONDUCT OF THE SMUCKER BUSINESS

Prior to the closing, Smucker has agreed to:

- conduct its operations in all material respects according to the ordinary and usual course of business consistent with past practice; and
- use its reasonable best efforts to cause the merger to qualify as a tax-free reorganization and not take any actions that could prevent the merger from so qualifying.

In addition, except as otherwise provided in the merger agreement or with the prior written consent of P&G, Smucker has agreed to refrain from taking the

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following actions (subject to some exceptions for actions taken in the ordinary course of business or subject to certain negotiated dollar threshold limits) prior to the closing:

- amending or otherwise changing its articles of incorporation or regulations;
- the sale, pledge, disposal of, grant, transfer, lease, license, guarantee, encumbrance or authorization of those actions of, any of its properties or assets;
- declaring or paying any dividends (other than regular quarterly cash dividends at a rate not in excess of \$0.64 per share per year);
- entering into any agreement with respect to the voting of its capital stock;

50

- issuing any shares of its capital stock (other than in connection with the exercise of currently outstanding stock options for Smucker common shares) or redeeming or otherwise acquiring or reclassifying, combining, splitting or subdividing any shares of its capital stock;
- acquiring assets or incurring debt;
- except as required by law, taking any action that is intended or may reasonably be expected to result in any of its representations and warranties set forth in the merger agreement being or becoming untrue in any material respect at any time prior to the closing of the merger, or any conditions in the merger agreement not being satisfied or in a violation of any provision of the merger agreement; and
- agreeing, in writing or otherwise, to take any of the above actions.

NO SHOPPING

Under the terms of the merger agreement, subject to some exceptions, Smucker has agreed to:

- refrain from, and cause its affiliates and representatives to refrain from, directly or indirectly soliciting, initiating, or encouraging any inquiries or proposals from, discussing or negotiating with, or providing any non-public information to any person (other than P&G and its representatives) relating to any competing transaction; and
- promptly advise P&G in writing of the receipt of any inquiries or proposals relating to a competing transaction, including the identity of the person submitting that inquiry or proposal and the terms of the inquiry or proposal.

A competing transaction is:

- any merger, consolidation, share exchange, business combination, or other similar transaction or series of transactions involving Smucker;
- any sale, lease, exchange, transfer or other disposition (including by way of merger, consolidation, or share exchange), in a single transaction or a series of related transactions, of any assets that represent more than 20% of the book value of Smucker's assets;

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- any acquisition by any person or group of persons, directly or indirectly, of beneficial ownership of that number of Smucker common shares which, when added to the number of Smucker common shares then beneficially owned, directly or indirectly, by such person or group of persons, is 10% or more of the then-outstanding Smucker common shares; or
- any other transaction or series of transactions that would hinder or delay any of the transactions contemplated by the merger agreement.

NON-COMPETITION

For a period of two years after the closing of the merger, P&G may not, without Smucker's prior written consent, engage in the manufacturing, packaging, distributing and marketing within the United States and Canada of the following:

- peanut butter and peanut butter based spreads for human consumption and/or;
- shortening and/or oil products for human consumption.

Notwithstanding the limitations above, P&G is not restricted from making any acquisition of or investment in any business or person if the annual net sales attributable to the competing portion of the acquired business constitutes less than five percent of the total net sales of such business or person for the most recently ended fiscal year. If, however, if the annual net sales attributable to the competing business exceed \$25 million for the most recently ended fiscal year, P&G will sell or otherwise dispose of the

51

restricted businesses in a commercially reasonable manner after the completion of the acquisition of such business or person.

In addition, these restrictions do not, in any event, apply to P&G's continuation of its Culinary Sol business or any successor to that business or to the production and sale by P&G or any successor of any products produced at P&G's Olestra facility other than packaged goods and oils substantially similar to the products produced by the Jif and Crisco businesses.

STANDSTILL

For a period of three years after the date of the merger agreement, except as requested in writing by Smucker, P&G will not propose or publicly announce or otherwise disclose an intent to propose:

- any form of business combination, acquisition, or other transaction relating to Smucker;
- any form of restructuring, recapitalization, or similar transaction with respect to Smucker;
- any demand, request or proposal to amend, waive, or terminate the standstill provisions;
- to acquire or offer, propose or agree to acquire, by purchase or otherwise, any Smucker common shares or any options or other rights to acquire Smucker common shares;
- to make, or in any way participate in, any solicitation of proxies with respect to any Smucker common shares or any options or other rights to acquire Smucker common shares (including by the execution of action by

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written consent), become a participant in any election contest with respect to Smucker, seek to influence any person with respect to any such Smucker common shares or options or other rights, or demand a copy of the list of Smucker shareholders or other books and records of Smucker;

- to participate in or encourage the formation of any partnership, syndicate, or other group which owns or seeks or offers to acquire beneficial ownership of any such Smucker common shares or any options or other rights to acquire Smucker common shares or which seeks to affect control of the other party or has the purpose of circumventing any provision in this section;
- to otherwise act, alone or in concert with others (including by providing financing for another person), to seek or to offer to control or influence, in any manner, Smucker management, board of directors, or Smucker's policies; or
- to make any proposal or other communication designed to compel another party to make a public announcement in respect of any matter referred to above.

ACCESS TO INFORMATION; CONFIDENTIALITY

Under the terms of the merger agreement, subject to some exceptions as described in the merger agreement and subject to the requirements of antitrust laws, Smucker and P&G have agreed to allow their designated officers, attorneys, accountants, and other representatives access at reasonable times and upon reasonable notice to the personnel, records, files, and other information relating to the business and affairs of the Jif and Crisco businesses and Smucker, as the case may be, including inspection of their respective properties in order to facilitate a timely and efficient transition of the operations of the Jif and Crisco businesses.

Smucker and P&G have agreed to maintain the confidentiality of certain technical and business information relating to the Jif and Crisco businesses for a period of three years after the closing of the merger.

COOPERATION IN TAX MATTERS

Under the terms of the merger agreement, following the closing of the merger, neither Smucker nor its affiliates will take any action, cause any action to be taken, fail to take any action, or fail to cause any

52

action to be taken, which action or failure to act could cause the merger to fail to qualify as a reorganization under Section 368(a) of the Internal Revenue Code or cause gain or loss to be recognized by P&G or the P&G shareholders in the spin-off. In addition, Smucker and P&G have agreed to cooperate in the preparation of tax returns and the submissions necessary to obtain a letter ruling from the IRS relating to the tax effect of the transactions contemplated by the merger agreement.

TRANSFERRING EMPLOYEES AND RESTRICTIONS ON SOLICITATION AND HIRING

In connection with the merger, Smucker agreed to offer continued employment, effective from the closing of the merger, to the employees to be transferred from the Jif and Crisco businesses to Smucker, as soon as reasonably practicable after the date of the merger agreement. In addition, Smucker agreed that the terms and conditions of the employment for these employees would be, with certain specified exceptions, the same in all material respects to the

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terms and conditions as in effect immediately prior to the closing of the merger.

In addition, Smucker agreed to cause the terms and conditions of employment of these employees not to be changed in a manner that is unfavorable to those employees for a one-year period after the effective time of the merger.

In addition, Smucker and P&G agreed to use reasonable best efforts to cause these employees to maintain their employment in the Jif and Crisco businesses. P&G and P&G Ohio also have agreed to cooperate with Smucker to facilitate the transition of these employees from the employee benefit plans, programs and arrangements of P&G and its affiliates to the employee benefit plans, programs and arrangements of Smucker and its affiliates.

Subject to some exceptions, Smucker also agreed to cause to be extended to each of these employees full credit for the entire period of continuous service preceding the closing of the merger rendered to P&G and P&G Ohio as if that service had occurred with Smucker, for purposes of eligibility to participate and vesting under any of Smucker's and its affiliates benefit plans, pension, retirement and/or profit sharing plans, insurance and vacation and for purposes of determining severance for any Jif or Crisco employee terminated after the closing of the merger and levels of benefits under any Smucker pension or profit sharing plan.

In addition to the agreements reached between Smucker and P&G described above, both parties have agreed to refrain from hiring, soliciting or otherwise inducing or entering into any form of consulting arrangement or agreement with certain employees of Smucker, including those employees to be transferred to Smucker from P&G under the terms of the merger agreement, or P&G for a two-year period after the date of the merger agreement.

CONDITIONS TO THE COMPLETION OF THE MERGER

The completion of the merger is subject to a number of conditions, including the following mutual conditions, which must be satisfied or waived:

- obtaining the required approval of the merger agreement by Smucker shareholders at the special meeting;
- no preliminary or permanent injunction or other order will have been issued that would make unlawful the consummation of the transactions contemplated by the merger agreement or the other transaction agreements;
- new Smucker common shares to be issued in the merger have been authorized for listing on The New York Stock Exchange, subject to notice of official issuance; and
- all other authorizations of or filings with any governmental entity required to complete the transactions contemplated by the merger agreement and the other transaction agreements have been made or obtained, except where the failure to obtain or make those consents, authorizations, orders,

53

approvals or filings would not, individually or in the aggregate, have a material adverse effect on the Jif and Crisco businesses or on Smucker.

In addition, Smucker's obligation to complete the merger is subject to (unless waived by Smucker):

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- all covenants of P&G under the merger agreement and the other transaction agreements to be performed on or before the closing of the merger will have been duly performed by P&G in all material respects;
- the representations and warranties of P&G in the merger agreement and of P&G and The Procter & Gamble Manufacturing Company in the contribution agreement will be true and correct except where the failure of the representations and warranties to be true and correct in all material respects would not in the aggregate have, a Jif/Crisco material adverse effect (as described below), and Smucker will have received a certificate of P&G, confirming the matters set forth in this paragraph and the bullet immediately above;

A Jif/Crisco material adverse effect results from a material adverse effect on the business, financial condition, operations or results of operations of the Jif and Crisco businesses taken as a whole or the ability of P&G and P&G Ohio to consummate the merger and to perform their obligations under the merger agreement and the other transaction agreements or to consummate the transactions contemplated by those agreements.

- Smucker will have received a written opinion from its tax advisor, dated as of the closing date of the merger, 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 Internal Revenue Code;
- the total number of new Smucker common shares that will be issued to holders of Smucker common shares outstanding immediately prior to the effective time of the merger will be at least equal to 45% of the new Smucker common shares issued in the merger; and
- P&G and The Procter & Gamble Manufacturing Company will have performed all obligations required to be performed by them under the contribution agreement and the spin off of P&G Ohio from P&G will have been consummated.

In addition, P&G's obligation to complete the merger is subject to (unless waived by P&G):

- all covenants of Smucker under the merger agreement and the other transaction agreements to be performed on or before the closing date of the merger will have been duly performed by Smucker in all material respects;
- the representations and warranties of Smucker will be true and correct except where the failure of the representations and warranties to be true and correct in all respects would not in the aggregate have a Smucker material adverse effect (as described below), and P&G will have received a certificate of Smucker confirming the matters set forth in this paragraph and the bullet immediately above;

A Smucker material adverse effect results from a material adverse effect on the business, financial condition, operations or results of operations of Smucker and its subsidiaries taken as a whole or the ability of Smucker to consummate the merger and to perform their obligations under the merger agreement and the other transaction agreements or to consummate the transactions contemplated by those agreements.

- P&G will have received a written opinion, dated as of the closing date of the merger, from its 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 Internal Revenue Code;

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- P&G will have received a letter ruling from the Internal Revenue Service, reasonably satisfactory to P&G to the effect that:

54

- no gain or loss will be recognized by (and no amount will be includible in the income of) the P&G shareholders as a result of the spin off of P&G Ohio from P&G pursuant to Section 355(a) of the Internal Revenue Code;
- no gain will be recognized by P&G as a result of the spin-off of P&G Ohio from P&G pursuant to Section 361(c)(1) of the Internal Revenue Code;
- consummation of the merger will not adversely affect the rulings described in the immediately preceding two bullets;
- for purposes of applying Section 355(e) of the Internal Revenue Code to the spin-off of P&G Ohio from P&G, new Smucker shares will be considered to have one vote per share for all periods after the merger; and
- for purposes of determining whether the merger qualifies as a reorganization under Section 368(a)(1)(A) of the Internal Revenue Code, the merger will be respected as a separate transaction occurring after the distribution of P&G Ohio in the spin-off; provided that the condition described in this bullet will be deemed satisfied if P&G has received written advice from the Internal Revenue Service, reasonably satisfactory to P&G, to the same effect and that written advice clearly indicates that the only reason the Internal Revenue Service is not providing a favorable formal ruling is because the request does not raise a significant issue within the meaning of Section 3.01(29) of Rev. Proc. 2001-3 and that issuing a formal ruling would violate the Revenue Procedure's prohibition against "comfort rulings;" and
- the amount of cash to be paid to Smucker's shareholders in connection with the merger if certain tax rulings requested by P&G are not received will not be greater than \$50 million. For a more complete description of the payment of the cash amount, see "The Merger Agreement -- Merger Consideration; Conversion of Shares -- Common Shares of Smucker."

TERMINATION OF THE MERGER AGREEMENT

The merger agreement may be terminated at any time prior to the closing of the merger:

- by the mutual written consent of Smucker and PG
- by either Smucker or P&G, if:
 - any order by any governmental entity preventing or prohibiting consummation of the transactions contemplated by the merger agreement and the other transaction agreements will have become final and nonappealable;
 - the merger has not occurred prior to June 30, 2002, unless failure of the merger to have occurred by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe in all material respects the covenants and agreements of that party set forth in the merger agreement;

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- Smucker shareholders fail to adopt the merger agreement at the special meeting.
- by Smucker (provided that Smucker is not then in material breach of any covenant, representation or warranty or other agreement contained in the merger agreement), if there has been a breach by P&G of any of its representations, warranties, covenants or agreements contained in the merger agreement or of P&G and The Procter & Gamble Manufacturing Company in the contribution agreement, or any of those representations and warranties will have become untrue, in either case such that the conditions related to Smucker's obligation to complete the merger with respect to P&G's covenants and representations and warranties would be incapable of being satisfied, and such breach or condition has not been cured within 30 days following receipt by Smucker of notice of that breach;

55

- by P&G, if:
 - there has been a breach by Smucker of any of its representations, warranties, covenants, or agreements contained in the merger agreement, or any of those representations and warranties will have become untrue, in either case, such that the conditions related to P&G's obligation to complete the merger with respect to Smucker's covenants and representations and warranties would be incapable of being satisfied, and that breach or condition has not been cured within 30 days following receipt by P&G of notice of that breach; or if P&G's condition to complete the merger with respect to its receipt of a letter ruling from the Internal Revenue Service is incapable of being satisfied provided that P&G is not then in material breach of any covenant, representation, or warranty or other agreement contained in the merger agreement;
 - the board of directors of Smucker has not recommended or has modified its recommendation that Smucker shareholders adopt the merger agreement or fails to confirm that recommendation within seven business days of P&G's request; or
 - on or prior to the effective date of the merger, the product of (i) 0.5254 times (ii) the aggregate number of new Smucker common shares to be issued in the merger multiplied by (iii) the average closing price of Smucker common shares on The New York Stock Exchange for the preceding fifteen trading days ending two trading days prior to the closing date of the merger is less than \$715 million.

EFFECT OF TERMINATION; TERMINATION FEES

If P&G or Smucker terminates the merger agreement in accordance with the provisions described above, the merger agreement will become void and there will be no liability on the part of P&G or Smucker, except to the extent the termination results from the material breach by P&G or Smucker of any of its covenants or agreements set forth in the merger agreement.

If P&G terminates the merger agreement because the board of directors of Smucker has not recommended or has modified its recommendation that Smucker shareholders adopt the merger agreement or fails to confirm that recommendation within seven business days of P&G's request, Smucker will pay to P&G a termination fee of \$20 million within one business day of the termination of the merger agreement.

If P&G terminates the merger agreement because Smucker shareholders fail to adopt the merger agreement at the special meeting and a competing transaction has been publicly announced prior to the special meeting, Smucker will pay P&G a termination fee of \$10 million within one business day of the termination of the merger agreement.

56

THE CONTRIBUTION AGREEMENT

SUMMARY OF THE TRANSACTIONS

In connection with the merger, P&G will contribute its Jif and Crisco businesses to P&G Ohio pursuant to the terms of the contribution agreement summarized below. After the contribution and immediately prior to the merger, P&G will spin off P&G Ohio by distributing all of the P&G Ohio common shares to P&G shareholders on a pro rata basis. P&G Ohio will then be merged with and into Smucker in accordance with the terms of a merger agreement. For a summary of the terms of the merger agreement, see "The Merger Agreement" beginning on page

GENERAL

The following is a summary of the important terms of the contribution agreement and is qualified by reference to the complete text of the contribution agreement, which is incorporated by reference and attached to this document as Annex B. You should read the contribution agreement carefully and in its entirety.

CONTRIBUTION AND TRANSFER OF THE JIF AND CRISCO BUSINESSES AND THE ASSUMPTION OF LIABILITIES

Under the terms of the contribution agreement, on the closing date of the merger but prior to the spin-off of P&G Ohio and prior to the filing of the certificate of merger, P&G will convey, assign, transfer and deliver to P&G Ohio all of P&G's right, title, and interest in the Jif and Crisco assets. P&G Ohio will assume only certain specified liabilities and P&G will retain all liabilities relating to the Jif and Crisco businesses not specifically assumed in the contribution agreement.

The Jif and Crisco assets include:

- P&G's books, records and other documents, and any related copyrights (including, without limitation, customer and supplier lists and files; distribution lists; mailing lists; sales materials; operating, production, and other manuals; plans; files; specifications; process drawings; computer programs data and information; manufacturing and quality control records and procedures; research and development files; and advertising and promotional materials) used exclusively in the Jif and Crisco businesses;
- the claims, interests, rights and benefits of P&G arising after the closing date under the contracts which are exclusively related to the Jif and Crisco businesses to be conveyed and transferred to P&G Ohio;
- certain specified equipment relating to the Jif and Crisco businesses;
- certain specified trademarks relating to the Jif and Crisco businesses, including the Jif and Crisco trademarks;

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- the goodwill exclusively related to the Jif and Crisco businesses;
- all right, title and interest in or to the improved and unimproved land specified in the contribution agreement and all buildings, structures, erections, improvements, appurtenances, and fixtures situated on or forming part of that land;
- all maintenance supplies, spare parts, raw materials, inventory, finished products, goods-in-process, and packaging supplies which are exclusively used in connection with the Jif or Crisco businesses, or are of the character of inventory identified on the balance sheet to the audited statements of the Jif and Crisco businesses previously provided to Smucker;
- all licenses, permits, approvals, variances, waivers or consents, to the extent transferable without consent, issued by any governmental entity exclusively related to the Jif or Crisco businesses;

57

- the domain names related to the Jif and Crisco businesses as specified in the contribution agreement, as well as the look and feel of the corresponding internet sites;
- certain specified patents plus any of P&G's non-patented formulations, trade secrets, process knowledge, and technological and manufacturing know-how, in each case, exclusively used in the Jif or Crisco businesses as of the closing of the merger;
- to the extent that P&G does not obtain certain tax rulings that it is requesting in connection with the merger and, as a result, a cash payment is required to be made to Smucker shareholders pursuant to the terms of the merger agreement, P&G will contribute additional working capital in a form reasonably acceptable to Smucker in an aggregate amount equal to any such required cash payment; and
- all assets exclusively related to the Jif and Crisco businesses of the nature set forth on the audited statements of the Jif and Crisco businesses previously provided to Smucker other than those assets exclusively related to P&G's Culinary Sol business.

The Jif and Crisco assets being contributed and transferred to P&G Ohio do not include P&G's Culinary Sol business except for a patent used in the Culinary Sol business which will be contributed to P&G Ohio and licensed back to P&G. After completion of the merger, P&G will continue to own and operate its Culinary Sol business.

The liabilities assumed by P&G Ohio include the following:

- all liabilities arising out of or related to the ownership or operation of the Jif and Crisco businesses after the closing of the merger;
- all liabilities for product liability and product warranty for products of the Jif and Crisco businesses manufactured by or for P&G Ohio or Smucker after the closing of the merger;
- the following environmental liabilities of the Jif and Crisco businesses:
 - all of those environmental liabilities disclosed to P&G Ohio and Smucker in the contribution agreement (Smucker is not currently aware of any material environmental liabilities of the Jif and

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Crisco business that will be assumed by Smucker upon the completion of the merger);

- the initial \$1 million of undisclosed environmental liabilities;
 - 20% of undisclosed environmental liabilities in excess of \$1 million but less than \$32.5 million;
 - 100% of undisclosed environmental liabilities in excess of \$32.5 million; and
 - all environmental liabilities arising from actions occurring after the closing of the merger.
- all liabilities for taxes arising out of or related to the operation of the Jif and Crisco businesses after the closing of the merger, ownership of the Jif and Crisco businesses after the closing of the merger, and the assumption of the liabilities assumed by P&G Ohio pursuant to the contribution agreement;
- all liabilities and obligations of P&G Ohio set forth in the agreements entered into in connection with the merger;
- all liabilities of P&G arising after the merger pursuant to any contract assumed by P&G Ohio pursuant to the contribution agreement;
- all liabilities after the closing of the merger for administration and redemption of coupons of the Jif and Crisco businesses, except for certain coupons distributed before the closing of the merger and redeemed at P&G's coupon redemption center within 60 days after the closing of the merger;
- all liabilities for returns of products of the Jif and Crisco businesses shipped prior to the closing of the merger, but returned after the closing, as well as for any products shipped after the closing of the merger;

58

- all obligations related to the employees to be transferred to P&G Ohio arising due to facts and circumstances occurring after the closing of the merger;
- all out-of-pocket costs incurred by P&G arising out of the continued performance of certain specified contracts of the Jif and Crisco businesses not being assumed by P&G Ohio; and
- the liabilities and obligations of the Jif and Crisco businesses set forth on the audited statements for the Jif and Crisco businesses previously provided to P&G Ohio and Smucker, less payments thereon and discharges thereof prior to the effective date of the merger.

P&G will retain all of the liabilities and obligations of the Jif and Crisco businesses not expressly assumed by P&G Ohio in the contribution agreement.

REPRESENTATIONS AND WARRANTIES

The contribution agreement contains representations and warranties by P&G. Some of the most significant of these include:

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- the organization and good standing of P&G with respect to the Jif and Crisco businesses;
- the full corporate power and authority of P&G to execute and deliver the contribution agreement and to consummate the transactions contemplated by the agreement and the enforceability of the contribution agreement against PG
- the good working condition of the equipment to be transferred and conveyed to P&G Ohio, except where not material and on a "where is" and "as is" basis;
- environmental matters;
- the absence of infringements of the trademarks to be transferred to P&G Ohio and the absence of certain claims or actions with respect to intellectual property;
- the absence of litigation with respect to the Jif and Crisco businesses;
- good title to, or valid leasehold interests in, the Jif and Crisco assets to be contributed to P&G Ohio;
- the absence of violations of laws, rules or regulations, orders, judgments or decrees, or the organizational documents of PG
- compliance with laws;
- the enforceability of contracts to be transferred and contributed to P&G Ohio;
- certain regulatory and employee benefit matters related to the Jif and Crisco businesses;
- the operation in the ordinary course and the absence of changes to the Jif and Crisco businesses since June 30, 2001; and
- the merchantable quality, and the usable and salable nature of the inventory to be transferred and conveyed to P&G Ohio.

Most of P&G's representations and warranties will survive the effective date of the merger for a period of 18 months. However, P&G's representations and warranties that relate to its authority and authorization to enter into the contribution agreement, its organization and standing, and the absence of violations of laws or breaches of its organizational documents, that will survive indefinitely. In addition, P&G's representations and warranties made with respect to environmental matters and its good title to and valid leasehold interest in the Jif and Crisco assets to be contributed to P&G Ohio will survive for five years from the closing of the merger.

59

COVENANTS

Each of P&G and P&G Ohio (and, after the merger, Smucker) have agreed to take certain actions after signing the contribution agreement. Some of the most significant of these include the following:

- for a period of three years after the closing of the merger, P&G and Smucker will cooperate with each other with respect to third-party litigation arising in connection with the Jif and Crisco businesses;

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- the allocation of duties, expenses, and responsibilities with respect to the assignment of intellectual property;
- except as specifically set forth in the contribution agreement, Smucker will not operate the Jif and Crisco businesses utilizing, based on or taking advantage of the name, reputation or corporate goodwill of P&G and Smucker will cease use of packaging, advertising, sales and promotional material bearing any of P&G's corporate names, product identification numbers or consumer information telephone numbers beginning six months after the effective date of the merger;
- that immediately prior to the closing of the merger, any employee that will transfer from P&G to P&G Ohio pursuant to the terms of the merger agreement will cease to be an employee of P&G and will automatically become an employee of P&G Ohio;
- P&G will remain liable for redemption of and administrative costs related to certain disclosed coupons that are distributed before, but redeemed at P&G's coupon redemption center no later than 60 days after the effective date of the merger; and
- Smucker will assume responsibility for all returns of products of the Jif and Crisco businesses shipped prior to, but returned after, the closing of the merger, as well as all products of the Jif and Crisco businesses shipped after the effective date of the merger.

INDEMNIFICATION AND ARBITRATION

Each of P&G and P&G Ohio (and, after the merger, Smucker) has agreed to defend, indemnify and hold the other harmless from and against all claims, losses, liabilities, damages, costs, and expenses (including, without limitation, reasonable fees and expenses of attorneys incurred in investigation or defense of any third-party action, but excluding fees, costs and expenses of attorneys, accountants, consultants and other experts and witnesses incurred in the investigation or prosecution of any non-third-party action) arising out of or related to any liabilities not assumed by P&G Ohio (and, after the merger, Smucker) with respect to P&G and assumed by P&G Ohio (and, after the merger, Smucker) with respect to P&G Ohio or a breach of a representation or warranty (except with respect to P&G's representations and warranties related to environmental matters, which are covered separately) or covenant of the other set forth in the contribution agreement.

Each of P&G's and P&G Ohio's (and, after the merger, Smucker's) aggregate liability arising out of or related to breaches of representations and warranties is limited to the amount by which those liabilities exceed \$20 million, and in no event will either party's aggregate liability exceed \$120 million. In any event, P&G and P&G Ohio (and, after the merger, Smucker) may only bring a claim or action for breaches of representations and warranties if the amount of that claim or action exceeds \$100,000. Environmental liabilities are treated separately as described above.

Neither P&G nor P&G Ohio (and, after the merger, Smucker) will be permitted to recover any consequential, indirect or punitive damages arising out of or related to the contribution agreement. In addition, each of P&G and P&G Ohio has agreed to submit their disputes relating to the merger and the related transaction documents to arbitration.

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The following is a summary of the material terms of the shareholders agreement between P&G and those Smucker shareholders set forth below and is qualified by reference to the complete text of the agreement, which is incorporated by reference and attached to this document as Annex C. You should read the shareholders agreement carefully and in its entirety.

The following sets forth a list of the Smucker shareholders that are a party to the shareholders agreement with P&G, the capacity in which each shareholder executed the shareholders agreement, and the position, if any, that the shareholder holds with Smucker.

NAME -----	CAPACITY (IES) -----	TITLE -----
Timothy P. Smucker	Individually Trustee, Reid S. Smucker Revocable Trust Trustee, Sarah L. Smucker Revocable Trust Trustee, Protected Trust and Exempt Trust FBO Timothy P. Smucker Trustee, Willard E. Smucker Trust FBO Marcella S. Clark Trustee, Willard E. Smucker Foundation	Chairman and Co-Chief Executive Officer, and Di
Jennifer C. Smucker	Individually Trustee, Timothy P. Smucker Trust FBO John Enoch Smucker	
Richard K. Smucker	Individually Trustee, Protected Trust and Exempt Trust FBO Julie E. Smucker Trustee, Willard E. Smucker Foundation	President and Co-Chief Executive Officer, and Di
Emily D. Smucker	Individually Custodian, Julie E. Smucker UGMA	
Lorraine E. Smucker	Trustee, Lorraine E. Smucker Personal Trust	
Susan S. Wagstaff	Individually Trustee, Protected Trust and Exempt Trust FBO Susan S. Wagstaff Custodian, Kimberly A. Wagstaff UGMA	
H. Reid Wagstaff	Individually	
Mrs. Marcella S. Clark	Individually	

AGREEMENT TO VOTE AND PROXY

In connection with the merger, P&G and the Smucker shareholders set forth above entered into a shareholders agreement. On February 8, 2002, these shareholders beneficially owned in the aggregate 5,741,651 Smucker common shares. These shares represented approximately 52% of the voting power of

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Smucker common shares outstanding on February 8, 2002, based on Smucker's current best estimate of the voting power of these shareholders under Smucker's current time phase voting structure.

Under the terms of the shareholders agreement, these Smucker shareholders agreed that, until the shareholders agreement is terminated, they would vote or consent or cause to be voted, and grant P&G a proxy to vote, their shares:

- in favor of the issuance of new Smucker common shares pursuant to the merger and the adoption of the merger agreement (including any amendment to Smucker's governing documents that is necessary or desirable in order to consummate the merger) and, to the extent that a vote is solicited in connection with the voting agreement or the merger agreement, any other action required or desirable in furtherance of the voting agreement or the merger agreement;

61

- against approval of any action, agreement or proposal that would result in a breach of any representation, warranty, covenant, or obligation of Smucker in the merger agreement or that would delay or hinder the consummation of the merger or that would preclude fulfillment of a condition precedent under the merger agreement to Smucker's, P&G's or P&G Ohio's obligation to consummate the merger; and
- against approval of any action, agreement, or proposal made in opposition to or in competition with the issuance of new Smucker common shares pursuant to the merger and the consummation of the merger, including, without limitation, any competing transaction or superior proposal.

In addition, each of the Smucker shareholders granted to P&G a proxy to vote that Smucker shareholder's shares in accordance with the foregoing.

RESTRICTIONS ON TRANSFER

Each Smucker shareholder that is a party to the voting agreement also agreed that from the date of the voting agreement until its termination, the shareholder will not, directly or indirectly:

- transfer any or all of his, her, or its Smucker common shares or any interest in them, except pursuant to the terms of the merger agreement;
- grant any proxy or power of attorney, deposit any Smucker common shares into a voting trust or enter into a voting agreement or arrangement with respect to that shareholder's shares, except as provided in the voting agreement; or
- take any other action that would make any representation or warranty of the Smucker shareholder contained in the voting agreement untrue or incorrect or have the effect of preventing or disabling that shareholder from performing that shareholder's obligations under the voting agreement.

In addition the voting agreement provides that, to the extent these Smucker shareholders are already bound by an agreement requiring them to transfer their shares to another person or entity, the shareholder will not effect that transfer unless, prior to the transfer, the shareholder causes the transferee to be bound by and to execute an agreement in the form of the voting agreement with respect to the shares to be transferred.

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Subject to certain exceptions for the receipt of certain restricted stock awards and the receipt and exercise of Smucker stock options granted by Smucker to employees, officers, and directors, the Smucker shareholders bound by the shareholders agreement are also prohibited from purchasing or acquiring record or beneficial ownership of any additional Smucker common shares (or warrants or options to acquire Smucker common shares) for two years after the effective date of the merger, or entering into any agreement or commitment to purchase Smucker common shares or warrants or options to acquire Smucker common shares for the same two-year period.

STANDSTILL

In addition, the Smucker shareholders that are a party to the shareholders agreement agreed that they would not solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, or provide any non-public information to any person relating to any transaction regarding a competing transaction. For a detailed description of a competing transaction, see "The Merger Agreement -- No Shopping."

TERMINATION

The shareholders agreement, other than the restrictions on transfer set forth above that last for two years from the date of the shareholders agreement, will terminate upon the earlier to occur of:

- the completion of the merger; and
- the termination of the merger agreement in accordance with its terms.

62

ANCILLARY AGREEMENTS

In connection with the merger, Smucker and P&G have entered into or will enter into additional agreements in order to aid in the transfer and transition of the Jif and Crisco businesses from P&G to Smucker. These agreements include a transitional services agreement and a manufacturing plant separation agreement. Smucker and P&G will also enter into a tax sharing agreement

TRANSITIONAL SERVICES AGREEMENT

In connection with the merger, Smucker and P&G entered into a transitional services agreement to provide for certain transitional services for the Jif and Crisco businesses. Under the terms of the agreement, P&G agreed to provide to Smucker the following services:

SHORT-TERM TRANSITIONAL SERVICES

For a period not to exceed six months following the merger, P&G has agreed to provide Smucker with short-term transitional services that Smucker may only terminate after the first three months that these services are provided. Smucker has agreed to pay a fee related to some of these short-term transitional services, including, among others, order placements, product shipments, purchase orders and bills of ladings, accounts receivable, payments to buyers and suppliers, new data management, consumer relation services, information technology services, and sales support. Smucker will be provided some short-term transitional services free of charge, including, among others, informational meetings to discuss the products and P&G's marketing plans for the brands, sending letters to P&G's customers notifying them of the merger of the Jif and Crisco businesses into Smucker, and various other informational and marketing meetings.

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CRISCO LONG-TERM MANUFACTURING SERVICES

In addition to the short-term transitional services, P&G agreed to provide Smucker with certain long-term manufacturing services related to the Crisco manufacturing facility for a period of at least 30 months following the merger. These services include providing Smucker with steam, access to P&G's conveying facilities to move finished product cases to the warehouse located at P&G's Ivorydale manufacturing site, the warehousing of finished products, nitrogen, and use of P&G's rail scale for weighing Smucker's incoming rail cars. In addition, P&G agreed to use commercially reasonable efforts to assign to Smucker the existing hydrogen service contract between P&G and its supplier.

CRISCO TRANSITION MANUFACTURING SERVICES

In addition, P&G agreed to provide additional services pertaining to the Crisco manufacturing plant on a transitional basis and to assist Smucker in maintaining production while Smucker acquires the capacity to provide these services independently. These services included power, sewer and water, compressed air, and process control systems separation.

MANUFACTURING PLANT SEPARATION AGREEMENT

Smucker and P&G have agreed to enter into a manufacturing plant separation agreement in order to separate certain physical components and services that currently serve both the Crisco manufacturing facility and P&G's other facilities and operations located at P&G's Ivorydale, Ohio facility.

SEPARATION

Under the terms of the agreement, P&G will agree to undertake certain separation projects in order to effectuate the physical separation of the Crisco manufacturing facility from P&G's other operations. In addition, P&G will agree to provide the Crisco manufacturing facility with certain services. The services to be provided are substantially similar to those currently available to and used by the Crisco manufacturing facility. The parties' intention in making such services available is to ensure that the Crisco manufacturing

63

facility can be operated in accordance with its operations as conducted on the date of the manufacturing plant separation agreement.

In addition, P&G will agree to develop a master separation plan addressing, timing, physical interfaces, compatibility, separation, standards and other details to execute and implement each of the separation projects contemplated by the agreement in order to minimize the impact and disruptions to Smucker's and P&G's operations and processes. P&G will select its own individual contractors to perform the separation project work at the Crisco manufacturing facility and will use reasonable efforts to obtain standard commercial warranties from each of those contractors with respect to the work to be done. Those warranties will be assigned to Smucker. P&G, however, will not be obligated to perform any work off of the site of the Crisco manufacturing facility or any work that may interfere or can be expected to interfere with P&G's operation of its businesses.

The parties will also agree to permit reasonable access and necessary easements to the other to perform their obligations under the agreement and, with respect to the easements, to allow the other to continue to operate its respective plant.

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SEPARATION COSTS

P&G will agree to bear the costs and expenses exclusively related to the separation projects contemplated by the agreement. The costs and expenses of P&G's separation projects will include the engineering, construction, and other direct costs and expenses of the separation and certain other expenses, where required.

INDEMNIFICATION

Smucker and P&G will defend, indemnify and hold the other harmless from and against:

- all claims, losses, liabilities, damages, costs, and expenses arising out of or related to a breach of their respective duties, obligations, or representations or warranties under the agreement;
- certain claims, losses, liabilities, damages, costs, and expenses related to personal injuries of their respective employees; and
- all costs and expenses incurred in connection with the successful enforcement of any of their respective rights provided in this section.

Neither Smucker nor P&G may recover any consequential, indirect, or punitive damages arising out of or related to the agreement. In addition, neither party will be entitled to indemnification unless their liabilities exceed \$100,000, and in no event will their aggregate liability exceed \$12 million. In addition, neither party can bring a claim unless that claim exceeds \$10,000.

TERM

The manufacturing plant separation agreement will commence upon the completion of the merger and will remain in effect no longer than 18 months after the completion of the merger, unless the term is extended by the parties.

TERMINATION

The manufacturing plant separation agreement may be terminated prior to the end of the term by the consent of both Smucker and P&G. In addition the agreement may be terminated by either Smucker or P&G (if they themselves are not in default) upon written notice to the other upon:

- a breach by one party of any of its obligations under the agreement, and the breach is not cured or started to cure within 30 business days after receipt of notice of that default; or

64

- the filing by or against a party of a petition in bankruptcy, or any appointment of a receiver for a party or any substantial part of its assets, or any assignment for the benefit of a party's creditors, or upon a party becoming insolvent.

TAX SHARING AGREEMENT

In order to allocate the responsibilities for taxes for P&G Ohio and certain other tax matters, Smucker and P&G will enter into a tax sharing agreement. Under the terms of the agreement, P&G will agree to be responsible for and to indemnify and hold harmless Smucker from any liability for taxes of P&G Ohio with respect to all taxable periods or portions of periods ending prior

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to the spin-off of P&G Ohio and any taxes of P&G or any member of the P&G group by reason of P&G Ohio being severally liable for those taxes pursuant to Internal Revenue regulations. Smucker will agree to be responsible for and to indemnify P&G for any taxes of P&G Ohio arising out of or resulting from any transaction or event occurring after the spin-off of P&G Ohio that is not in the ordinary course of business or specifically contemplated by the merger agreement or resulting from any breach of any obligation or covenant of Smucker under the terms of the tax sharing agreement; and except for some exceptions, any taxes of P&G Ohio in respect of the time period prior to the closing resulting from the completion of the merger. In addition, Smucker will agree to be responsible for and to indemnify P&G for all taxes of Smucker and P&G Ohio with respect to the period of time after the completion of the merger.

In addition to the allocation of liability for P&G Ohio taxes, P&G and Smucker will agree on other matters with respect to other tax issues, including refunds and tax benefits, the allocation of tax benefits, the preparation of tax returns, the exchange of information, and tax contests.

In addition to the foregoing, P&G will agree to pay any and all liability for any taxes resulting from any income or gain recognized by P&G as a result of the spin off of P&G Ohio failing to qualify for tax-free treatment under certain provisions of the Internal Revenue Code and Treasury regulations, and sales and use, gross receipts, or other transfer taxes imposed on the transfers occurring pursuant to the spin off of P&G Ohio. Smucker will agree to be liable for and to indemnify P&G for certain actions taken by Smucker or actions failed to be taken by Smucker that could jeopardize the tax-free nature of the spin-off of P&G Ohio and for certain events occurring after the merger involving stock or assets of Smucker that could cause the spin-off to be taxable to P&G.

65

COMPARISON OF THE RIGHTS OF SMUCKER SHAREHOLDERS BEFORE AND AFTER THE MERGER

If the merger is completed, Smucker's articles of incorporation will be in the form attached as Annex F to this document and incorporated by reference into this document. Those articles differ from our current articles in that holders of new Smucker common shares will have time phase voting rights only with respect to specified matters submitted to Smucker shareholders.

Under the new articles of incorporation, except as set forth below, each outstanding new Smucker common share will entitle 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, each outstanding new Smucker common share will entitle the holder 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 the Ohio Revised Code, any provisions of the new articles of incorporation, the regulations of Smucker, or stock exchange rules, or are otherwise submitted or presented to Smucker's shareholders for their approval:

- 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 of the new articles of incorporation, or the regulations of Smucker, or the adoption of amended articles of incorporation, other than the adoption of any amendment or amended

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articles of incorporation that increases the number of votes to which holders of Smucker common shares are entitled or expand the matters to which this section applies;

- 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 agreement or any successor plan;
- any matter relating to any stock option plan, stock purchase plan, executive compensation 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 or Article Seventh of the new articles of incorporation, as they may be further amended, or any issuance of shares of Smucker for which shareholder 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's shareholders under the Ohio Revised Code or applicable stock exchange rules.

Each new 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 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.

In addition, the new articles of incorporation will increase the authorized number of shares from 73,000,000 to 156,000,000, the serial preferred shares without par value from 3,000,000 to 6,000,000 and the common shares from 70,000,000 to 150,000,000. Smucker's board of directors would be permitted to increase or decrease these amounts without shareholder approval, to the extent permitted by Section 1701 of the Ohio Revised Code. Smucker has no current intention to issue any additional shares above the amount needed for the merger.

66

The new articles of incorporation permit Smucker's board of directors to set the voting rights of serial preferred shares. The new articles of incorporation will also change the number of Series A Junior Participating Preferred Shares from 700,000 to 1,500,000.

Other than the differences described above, the rights of new Smucker shareholders will remain the same as the rights of current Smucker shareholders. Smucker's regulations will not change as a result of the merger.

EXPERTS

Ernst & Young LLP, independent auditors, have audited Smucker's consolidated financial statements, incorporated by reference or included in its Annual Report on Form 10-K for the year ended April 30, 2001, as set forth in

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their reports, which are incorporated by reference in this document and in the registration statement of which this document forms a part. Smucker's consolidated financial statements are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

The combined statements of inventory and property, plant and equipment -- net as of June 30, 2001 and 2000 and the combined statements of revenues, direct cost of products sold, direct marketing expenses and direct administrative and other expenses of the Jif and Crisco businesses of The Procter & Gamble Company for each of the three years in the period ended June 30, 2001 included in this document have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein, and have been so included in reliance upon the report of such firm given upon the authority of said firm as experts in accounting and auditing.

LEGAL MATTERS

The validity of the new Smucker common shares offered hereby will be passed upon for Smucker by Steven J. Ellcessor, Esq., Vice President -- Finance and Administration, Secretary and General Counsel of Smucker. As of June 15, 2001, Mr. Ellcessor beneficially owned 70,527 Smucker common shares, which included restricted stock and/or shares covered by outstanding options of 46,668 shares. Mr. Ellcessor disclaimed beneficial ownership of 604 shares.

TAX MATTERS

Certain matters regarding the U.S. federal income tax consequences of the merger will be passed upon for Smucker by Ernst & Young LLP.

SUBMISSION OF FUTURE SHAREHOLDER PROPOSALS

All proposals submitted by shareholders who wish those proposals be considered for inclusion in the proxy materials for the 2002 annual meeting of Smucker shareholders must be received by Smucker by March 12, 2002. Shareholder proposals not included in the proxy materials for the 2002 annual meeting of Smucker shareholders must each comply with advance notice procedures set forth in Smucker's regulations in order to be brought properly before that meeting. In general, the shareholder must:

- be a shareholder of record at the time Smucker gives notice for the annual meeting;
- be entitled to vote at the annual meeting; and
- have given timely notice in writing to Smucker's corporate secretary. To be timely the shareholder notice must be received by Smucker's corporate secretary by May 11, 2002.

In addition to the timing requirements, the advance notice provisions of Smucker's regulations contain informational content requirements that also must be met. In general, a shareholder notice to Smucker's

67

corporate secretary must set forth, as to each matter the shareholder proposes to bring before the annual meeting, the following:

- a description of the business desired to be brought before the annual meeting and the reasons for conducting that business at the annual meeting;

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- the shareholder's name and address, as they appear on Smucker's books;
- the class and number of shares beneficially owned by the shareholder; and
- any material interest the shareholder has in the business desired to be brought before the annual meeting.

A copy of the regulation provisions governing these timing procedures and content requirements may be obtained by writing to the corporate secretary of Smucker.

Unless shareholder proposals meet the requirements set forth above, the persons named in the proxies solicited on behalf of the Smucker board of directors will have discretionary authority to vote on and may vote against any such shareholder proposal.

WHERE YOU CAN FIND MORE INFORMATION

Smucker files annual, quarterly and current reports, proxy and registration statements and other information with the SEC. You may read and copy any reports, statements, or other information that Smucker files at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Smucker's public filings are also available to the public from commercial document retrieval services and at the Internet World Wide Web site maintained by the SEC at "www.sec.gov." Reports, proxy statements and other information concerning Smucker also may be inspected at the offices of The New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Smucker has filed a registration statement on Form S-4 to register with the SEC the new Smucker common shares to be issued in the merger. This document is a part of that registration statement and constitutes a prospectus of Smucker and a proxy statement of Smucker for purposes of the Smucker special meeting.

As allowed by SEC rules, this document omits certain information contained in the registration statement or the exhibits to the registration statement. Any statements contained in this document concerning the provisions of any other document are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each statement is qualified in its entirety by such reference.

The SEC allows Smucker to incorporate by reference information into this document, which means that it can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information superseded by information contained directly in this document. This document incorporates by reference the documents set forth below that Smucker has previously filed with the SEC. These documents contain important information about Smucker.

SMUCKER SEC FILINGS

(FILE NO. 1-05111)

PERIOD

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Annual Report on Form 10-K	Year ended April 30, 2001 (filed on July 24, 2001)
Quarterly Reports on Form 10-Q	Quarter ended July 31, 2001 (filed on September 12, 2001); Quarter ended October 31, 2001 (filed on December 7, 2001)
Current Reports on Form 8-K	Filed on October 12, 2001 and November 16, 2001
Proxy Statement describing Smucker common shares, including any amendments or reports filed for the purpose of updating such description	Dated July 14, 2000 (filed on July 11, 2000)

Smucker also incorporates by reference additional documents that it may file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 between the date of this document and the date of the special meeting. These include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as registration statements and proxy statements.

Smucker has supplied all information contained or incorporated by reference into this document relating to Smucker, and P&G has supplied all such information relating to P&G and its respective affiliates and brands.

You can obtain a copy of any document incorporated by reference into this document except for the exhibits to those documents from Smucker. You may also obtain these documents from the SEC or through the SEC's Internet World Wide Web site described above. Documents incorporated by reference are available from Smucker without charge, excluding all exhibits unless specifically incorporated by reference as an exhibit into this document. You may obtain documents incorporated by reference into this document by requesting them in writing or by telephone from Smucker at the following address:

The J. M. Smucker Company
Strawberry Lane
Orrville, Ohio 44667
Attention: Investor Relations
(330) 682-3000

If you would like to request documents, please do so by March , 2002 to receive them before the Smucker special meeting. If you request any of these documents from us we will mail them to you by first-class mail, or similar means.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE INTO THIS DOCUMENT IN VOTING YOUR SHARES AT THE SMUCKER SPECIAL MEETING. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM WHAT IS CONTAINED IN THIS DOCUMENT. THIS DOCUMENT IS DATED FEBRUARY , 2002. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THE DOCUMENT IS ACCURATE AS OF ANY OTHER DATE, AND NEITHER THE MAILING OF THIS DOCUMENT TO SMUCKER'S SHAREHOLDERS NOR THE ISSUANCE OF NEW SMUCKER COMMON SHARES IN THE MERGER WILL CREATE ANY IMPLICATION TO THE CONTRARY.

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THE J. M. SMUCKER COMPANY

Unaudited Condensed Combined Pro Forma Balance Sheet as of October 31, 2001.....	F-3
Unaudited Condensed Combined Pro Forma Statement of Operating Income Excluding Indirect Expenses of the Jif and Crisco Businesses for the six months ended October 31, 2001.....	F-4
Unaudited Condensed Combined Pro Forma Statement of Operating Income Excluding Indirect Expenses of the Jif and Crisco Businesses for the year ended April 30, 2001.....	F-5
Notes to Unaudited Condensed Combined Pro Forma Financial Statements.....	F-6

JIF AND CRISCO BUSINESSES

Independent Auditors' Report.....	F-8
Combined Statements of Inventory and Property, Plant and Equipment -- Net as of June 30, 2001 and 2000.....	F-9
Combined Statements of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses for the years ended June 30, 2001, 2000 and 1999.....	F-10
Notes to the Statements.....	F-11
Combined Statement of Inventory and Property, Plant and Equipment -- Net as of December 31, 2001 (unaudited).....	F-14
Combined Statements of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses for the six months ended December 31, 2001 and 2000 (unaudited).....	F-15
Notes to the Statements (unaudited).....	F-16

F-1

UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL STATEMENTS

The following unaudited condensed combined pro forma financial statements and related notes have been prepared to give effect to the merger. The merger is being accounted for as a purchase business combination as defined by Financial Accounting Standards No. 141, Business Combinations (SFAS 141). Smucker is the accounting acquirer for the merger.

In accordance with Article 11 of Regulation S-X under the Securities Act, the following unaudited condensed combined pro forma financial statements of Smucker are presented as if the merger had been completed as of October 31, 2001 for the unaudited condensed combined pro forma balance sheet and on May 1, 2000 for the unaudited condensed combined pro forma statement of operating income excluding indirect expenses of the Jif and Crisco businesses. The unaudited condensed combined pro forma balance sheet combines the unaudited "Consolidated Balance Sheet" of Smucker as of October 31, 2001 with the unaudited "Combined Statement of Inventory and Property, Plant and Equipment -- Net," for the Jif and Crisco businesses as of December 31, 2001. The unaudited condensed combined pro forma statements of operating income excluding indirect expenses of the Jif and Crisco businesses combine information from the "Statement of Consolidated Income" of Smucker, for the year ended April 30, 2001 and the

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unaudited "Condensed Statement of Consolidated Income" for the six-month period ended October 31, 2001, with the "Combined Statements of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses" for the Jif and Crisco businesses, for the year ended June 30, 2001 and the unaudited "Combined Statement of Revenues, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses" for the six-month period ended December 31, 2001, respectively.

The unaudited condensed combined pro forma financial statements should be read in conjunction with the historical financial statements of Smucker which are incorporated by reference into this document and with the "Combined Statements of Inventory and Property, Plant and Equipment -- Net" and "Combined Statements of Revenue, Direct Cost of Products Sold, Direct Marketing Expenses and Direct Administrative and Other Expenses" for the Jif and Crisco businesses, included in this document.

THE UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL STATEMENTS ARE PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY, DO NOT INCLUDE THE INDIRECT EXPENSES OF THE JIF AND CRISCO BUSINESSES, AND ARE NOT NECESSARILY INDICATIVE OF THE OPERATING RESULTS OR FINANCIAL POSITION THAT WOULD HAVE OCCURRED IF THE MERGER HAD BEEN CONSUMMATED AT THE BEGINNING OF THE PERIODS OR ON THE DATES INDICATED, NOR ARE THEY NECESSARILY REFLECTIVE OF ANY FUTURE OPERATING RESULTS OR FINANCIAL POSITION. The unaudited condensed combined pro forma financial statements do not include any adjustments related to any potential cost savings or one-time charges, including integration costs, which may result from the merger of the Jif and Crisco businesses into Smucker. These unaudited condensed combined pro forma financial statements reflect a preliminary allocation of purchase price which is subject to change based on finalization of the fair value of the tangible and intangible assets acquired and liabilities assumed as of the date of closing. Smucker currently expects that the process of determining the fair value of the tangible and intangible assets acquired (including independent appraisals) and liabilities assumed will be completed within one year of the date of closing.

F-2

THE J. M. SMUCKER COMPANY

UNAUDITED CONDENSED COMBINED PRO FORMA BALANCE SHEET
OCTOBER 31, 2001

	OCTOBER 31, 2001 SMUCKER	DECEMBER 31, 2001 JIF/CRISCO	ADJUSTMENTS	PRO
	-----	-----	-----	-----
	(IN THOUSANDS)			
ASSETS				
Current Assets				
Cash and cash equivalents.....	\$ 33,218			\$
Trade receivables, less allowances.....	60,627			
Inventories:				
Finished products.....	55,373	\$ 19,100	\$ 6,000 (1)	
Raw materials, containers and supplies.....	77,043	11,500		
	-----	-----	-----	-----
	132,416	30,600	6,000	1

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Other current assets.....	14,381			
	-----	-----	-----	-----
Total Current Assets.....	240,642	30,600	6,000	2
Property, plant and equipment -- net.....	171,086	92,200	27,660 (2)	2
Other noncurrent assets				
Intangible assets.....	11,250		280,000 (3)	3
			37,333 (4)	
Goodwill.....	32,359		450,871 (5)	4
Other assets.....	33,070			
	-----	-----	-----	-----
Total Other Noncurrent Assets.....	76,679		768,204	8
	-----	-----	-----	-----
Total Assets.....	\$488,407	\$122,800	\$801,864	\$1,4
	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable.....	\$ 34,111			\$
Other current liabilities.....	44,918		\$ 10,000 (6)	
	-----		-----	-----
Total Current Liabilities.....	79,029		10,000	
Noncurrent liabilities				
Long-term debt.....	135,000			1
Other noncurrent liabilities.....	21,021		136,887 (7)	1
	-----		-----	-----
Total Noncurrent Liabilities.....	156,021		136,887	2
Shareholders' equity.....	253,357		777,777 (8)	1,0
	-----		-----	-----
Total Liabilities and Shareholders Equity.....	\$488,407		\$924,664	\$1,4
	=====		=====	=====

F-3

THE J. M. SMUCKER COMPANY

UNAUDITED CONDENSED COMBINED PRO FORMA STATEMENT OF OPERATING INCOME
EXCLUDING INDIRECT EXPENSES OF THE JIF AND CRISCO BUSINESSES
SIX MONTHS ENDED OCTOBER 31, 2001

	SIX MONTHS ENDED			PR
	OCTOBER 31, 2001 SMUCKER	DECEMBER 31, 2001 JIF/CRISCO	ADJUSTMENTS	
	-----	-----	-----	-----
	(IN THOUSANDS)			
Net sales.....	\$342,636	\$331,200	\$	\$6
Cost of products sold.....	229,636	207,200	1,320 (9)	4
	-----	-----	-----	-----
Selling, distribution, and administrative expenses.....	113,000	124,000	(1,320)	2
	82,992	18,200	1,244 (10)	1
	-----	-----	(649) (11)	-----

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Operating income excluding indirect expenses of the Jif and Crisco businesses.....	\$ 30,008	\$105,800	\$ (1,915)	\$1
	=====	=====	=====	=====

F-4

THE J. M. SMUCKER COMPANY

UNAUDITED CONDENSED COMBINED PRO FORMA STATEMENT OF OPERATING INCOME EXCLUDING INDIRECT EXPENSES OF THE JIF AND CRISCO BUSINESSES YEAR ENDED APRIL 30, 2001

	YEAR ENDED			
	APRIL 30, 2001	JUNE 30, 2001	ADJUSTMENTS	PRO
	SMUCKER	JIF/CRISCO		
	(IN THOUSANDS)			
Net sales.....	\$651,242	\$615,300	\$	\$1,2
Cost of products sold.....	438,480	400,000	2,640 (9)	8
	-----	-----	-----	-----
	212,762	215,300	(2,640)	4
Selling, distribution, and administrative expenses.....	155,973	36,600	2,488 (10)	1
			(1,669) (11)	
Nonrecurring charge.....	2,152	--	--	
	-----	-----	-----	-----
Operating income excluding indirect expenses of the Jif and Crisco businesses.....	\$ 54,637	\$178,700	\$ (3,459)	\$ 2
	=====	=====	=====	=====

F-5

THE J. M. SMUCKER COMPANY

NOTES TO UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL STATEMENTS (IN THOUSANDS, EXCEPT SHARE DATA)

PURCHASE PRICE

These unaudited condensed combined pro forma financial statements reflect a preliminary allocation of purchase price which is subject to change based on finalization of the fair values of the tangible and intangible assets acquired and liabilities assumed as of the date of closing. The preliminary estimated fair value of the Jif and Crisco assets assumed in the merger are as follows:

Tangible assets at fair value.....	\$ 156,460
Identifiable intangible assets.....	37,333
Identifiable intangible assets with indefinite lives.....	280,000

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Excess of purchase price over the fair values of net assets acquired.....	450,871
Liabilities assumed.....	(146,887)

Total purchase price.....	\$ 777,777
	=====

The excess of the purchase price over the fair value of net assets acquired has been classified as goodwill.

PRO FORMA ADJUSTMENTS

The following adjustments were made to the unaudited condensed combined pro forma financial statements:

- (1) Represents the preliminary adjustment to record Jif and Crisco inventories at estimated fair values.
- (2) Represents the preliminary adjustment to record Jif and Crisco property, plant, and equipment at estimated fair values.
- (3) Represents the preliminary adjustment to record intangible assets with indefinite lives, primarily trademarks, at estimated fair values.
- (4) Represents the preliminary adjustment to record amortizable intangible assets at estimated fair values.
- (5) Represents the preliminary adjustment to record the excess of purchase price over the fair value of net assets acquired.
- (6) Adjustment to accrue direct merger costs.
- (7) Represents deferred income taxes at a tax rate of 39% resulting from fair value adjustments made to the net assets acquired.
- (8) Reflects the impact of issuing approximately 25.9 million Smucker common shares at an average price of approximately \$30 per share. The price represents the average closing price of Smucker common shares for the three days prior to and the three days subsequent to the announcement of the merger. Smucker intends to account for the share or share and cash exchange with the existing Smucker shareholders as an equity transaction in the period that the exchange occurs.
- (9) Represents the incremental depreciation expense resulting from the preliminary adjustment to record Jif and Crisco property, plant, equipment at estimated fair values using the straight-line method and assuming an average estimated useful life of ten years.

F-6

THE J. M. SMUCKER COMPANY

NOTES TO UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL
STATEMENTS -- (CONTINUED)
(IN THOUSANDS, EXCEPT SHARE DATA)

- (10) Represents the incremental amortization expense resulting from the preliminary adjustment to record Jif and Crisco amortizable intangible assets at estimated fair values utilizing the straight-line method and assuming an average estimated useful life of 15 years.

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- (11) The expenses relate to the Culinary Sol business of Jif and Crisco which will not be acquired by Smucker.

The combined Pro Forma Financial Statements do not include non-recurring charges related to the integration of the Jif and Crisco businesses with Smucker after the merger. It is anticipated that Smucker will incur a one-time charge to earnings of approximately \$10 to \$15 million in connection with this integration. Integration activities include, but are not limited to, information systems configuration and implementation, training, initial reallocation of inventory, and UPC label conversion.

In addition to the integration activities, it will be necessary to undertake certain separation projects to effectuate the physical separation of the Crisco manufacturing facility from P&G's other operations. P&G will bear the costs and expenses exclusively related to the separation projects. The costs and expenses of P&G's separation projects will include the engineering, construction and other direct costs and expenses of the separation.

In addition, P&G will continue to provide the Crisco manufacturing facility with certain utilities and services. The cost of such services are included in the historical financial information of the Jif and Crisco businesses and, accordingly, although Smucker will reimburse P&G for these services (approximately \$15 to \$20 million annually) such reimbursement is not shown as a pro forma adjustment.

F-7

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined statements of inventory and property, plant, and equipment -- net of the Crisco and Jif Businesses of The Procter & Gamble Company ("Procter & Gamble") (the "Crisco and Jif Businesses") as of June 30, 2001 and 2000 and the related combined statements of revenues, direct cost of products sold, direct marketing expenses and direct administrative and other expenses for each of the three years in the period ended June 30, 2001 (collectively, the "Statements"). The Statements include the accounts of the Crisco and Jif Businesses. These businesses are under common ownership and common management. The Statements are the responsibility of Procter & Gamble management. Our responsibility is to express an opinion on the Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 presentation of the Statements referred to above. We believe that our audit

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provides a reasonable basis for our opinion.

The operations covered by the Statements referred to above are part of Procter & Gamble and have no separate legal status. As described in Note 1 to the Statements, Basis of Presentation, the Statements referred to above have been prepared from Procter & Gamble's consolidated financial records and allocations of certain costs and expenses have been made. These allocations are not necessarily indicative of the costs and expenses that would have been incurred by the Crisco and Jif Businesses on a stand-alone basis. These Statements are not intended to be a complete presentation of the financial position and results of operations of the Crisco and Jif Businesses.

In our opinion, the Statements referred to above present fairly, in all material respects, the combined inventory and property, plant and equipment - net of the Crisco and Jif Businesses as of June 30, 2001 and 2000 and the combined revenues, direct cost of products sold, direct marketing expenses and direct administrative and other expenses for each of the three years in the period ended June 30, 2001 in conformity with accounting principles generally accepted in the United States of America.

/S/ DELOITTE & TOUCHE LLP

Cincinnati, Ohio
November 5, 2001

F-8

THE CRISCO & JIF BUSINESSES OF THE PROCTER & GAMBLE COMPANY

COMBINED STATEMENTS OF INVENTORY AND PROPERTY, PLANT AND EQUIPMENT -- NET
AS OF JUNE 30, 2001 AND 2000

	JUNE 30,	
	2001	2000
	(IN THOUSANDS)	
INVENTORY:		
Materials and supplies.....	\$ 9,900	\$ 15,400
Work in process.....	3,700	6,200
Finished goods.....	21,600	27,700
TOTAL INVENTORY.....	\$ 35,200	\$ 49,300
	=====	=====
PROPERTY, PLANT AND EQUIPMENT -- NET:		
Land.....	\$ 1,500	\$ 1,500
Buildings.....	21,900	21,300
Machinery and equipment.....	172,000	168,500
Construction work in progress.....	2,900	9,500
	198,300	200,800
Accumulated depreciation.....	(108,500)	(107,100)
TOTAL PROPERTY, PLANT AND EQUIPMENT -- NET.....	\$ 89,800	\$ 93,700
	=====	=====

See accompanying notes to the Statements.

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F-9

THE CRISCO & JIF BUSINESSES OF THE PROCTER & GAMBLE COMPANY

COMBINED STATEMENTS OF REVENUES, DIRECT COST OF PRODUCTS SOLD, DIRECT MARKETING EXPENSES AND DIRECT ADMINISTRATIVE AND OTHER EXPENSES FOR THE YEARS ENDED JUNE 30, 2001, 2000 AND 1999

	YEAR ENDED JUNE 30,		
	2001	2000	1999
	(IN THOUSANDS)		
REVENUES:			
Revenues.....	\$658,800	\$691,900	\$696,300
Less: Coupon expense and other pricing allowances.....	43,500	44,700	42,700
Net revenues.....	615,300	647,200	653,600
DIRECT COST OF PRODUCTS SOLD.....	400,000	421,000	451,200
EXCESS OF NET REVENUES OVER			
DIRECT COST OF PRODUCTS SOLD.....	215,300	226,200	202,400
DIRECT MARKETING EXPENSES.....	22,700	39,700	20,600
DIRECT ADMINISTRATIVE AND OTHER EXPENSES.....	13,900	14,400	14,000
EXCESS OF NET REVENUES OVER			
DIRECT COST OF PRODUCTS SOLD, DIRECT MARKETING EXPENSES, AND DIRECT ADMINISTRATIVE AND OTHER EXPENSES.....	\$178,700	\$172,100	\$167,800

See accompanying notes to the Statements.

F-10

THE CRISCO & JIF BUSINESSES OF THE PROCTER & GAMBLE COMPANY

NOTES TO THE STATEMENTS

1. BASIS OF PRESENTATION

On October 9, 2001, The Procter & Gamble Company ("Procter & Gamble") entered into a definitive agreement to merge the Crisco ("Crisco") and Jif ("Jif") Businesses (the "Crisco and Jif Businesses") with the J. M. Smucker Company in an all-stock transaction. Crisco produces shortening and oil products that are manufactured at a Procter & Gamble plant located in Cincinnati, Ohio ("Ivorydale Plant") and Jif produces peanut butter products that are manufactured at a Procter & Gamble plant located in Lexington, Kentucky ("Lexington Plant"). Procter & Gamble does not account for Crisco and Jif as separate entities. Accordingly, the information included in the accompanying combined statements of inventory and property, plant and equipment -- net as of June 30, 2001 and 2000 and the related combined statements of revenues, direct cost of products sold, direct marketing expenses and direct administrative and other expenses for each of the three years in the period ended June 30, 2001 (collectively, the "Statements") has been derived from Procter & Gamble's consolidated financial records.

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With respect to Crisco, for purposes of these Statements, direct cost of products sold is defined as the direct costs of the raw and packing materials used to manufacture Crisco products, direct manufacturing expenses related to the production of Crisco products incurred at the Ivorydale Plant, the effects of hedging activities, plus delivery costs (including allocated warehousing costs). Manufacturing expenses primarily include direct costs of manufacturing; however, certain costs are based on allocations (including items such as facilities management, information technology support, site human resources) as the Ivorydale Plant is shared with other Procter & Gamble businesses. The costs are allocated based on factors such as level of effort, headcount and square footage.

With respect to Jif, for purposes of the Statements, direct cost of products sold is defined as the direct costs of the raw and packing materials used to manufacture Jif products, direct manufacturing expenses incurred at the Lexington Plant, plus delivery costs (including allocated warehousing costs).

In addition, the Statements include allocations of certain Procter & Gamble administrative and other expenses that are allocated to Crisco and Jif based on the number of employees, including an estimate of actual time and effort spent. Procter & Gamble management believes these allocations are reasonable; however, these allocated costs may not necessarily be indicative of costs that would have been incurred by Crisco and Jif on a stand-alone basis, since these allocated costs are based on the structure of the plants' operations and related activities, as managed and operated by Procter & Gamble.

The property, plant and equipment included in the Statements as described in Note 2, Summary of Significant Accounting Policies, represent the assets used in producing Crisco products at the Ivorydale Plant and the assets used in producing Jif products at the Lexington Plant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVENTORY -- Inventories are valued at cost, which is not in excess of current market price. Cost is primarily determined by the average cost or the first-in, first-out method. Certain raw materials are valued using the last-in, first-out ("LIFO") method. The combined replacement cost of Crisco and Jif LIFO inventories exceeded carrying value by approximately \$5.3 million and \$6.4 million at June 30, 2001 and 2000, respectively. During each of the years in the three year period ended June 30, 2001, certain raw material inventory quantities were reduced. The effect of such liquidations was to decrease direct cost of products sold by approximately \$1.3 million for the year ended June 30, 2001 and to increase direct cost of products sold by approximately \$0.1 million and \$0.1 million for the years ended June 30, 2000 and 1999, respectively.

PROPERTY, PLANT AND EQUIPMENT -- NET -- Property, plant and equipment primarily represents Procter & Gamble's original cost basis of land, buildings and machinery and equipment used to manufacture Crisco and Jif products, less accumulated depreciation. Depreciation is computed using the straight-line

F-11

method over the estimated useful lives of the assets which range from 3 to 50 years. Procter & Gamble periodically evaluates any possible impairments of long-lived assets in accordance with the Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

REVENUES -- Revenues represent gross revenues less sales deductions, returns and allowances. Revenues from the sale of products are recognized when risk and title passes to the customer, which generally occurs upon shipment of the product.

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COUPON EXPENSE AND OTHER PRICING ALLOWANCES -- Coupon expense represents deductions from revenues for coupons related to products. Coupon expense is based on expected redemption rates of issued coupons based on historical data. Other pricing allowances represent deductions from revenues for incentive discounts provided to customers other than normal sales discounts.

DIRECT COST OF PRODUCTS SOLD -- Direct cost of products sold is defined as the direct costs of the raw and packing materials used to manufacture Crisco and Jif products, direct manufacturing expenses related to the production of Crisco products at the Ivorydale Plant and the production of Jif products at the Lexington Plant, the effects of hedging activities, plus delivery costs (including allocated warehousing costs). With respect to Crisco products, manufacturing expenses primarily include direct costs of manufacturing; however, certain costs are based on allocations (including items such as facilities management, information technology support and site human resources) as the Ivorydale Plant is shared with other Procter & Gamble businesses. The costs are allocated based on factors such as level of effort, headcount and square footage.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES -- Effective July 1, 2000, Procter & Gamble adopted Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("FAS 133") as amended, which requires that all derivative instruments be reported on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The cumulative effect of adopting FAS 133 as of July 1, 2000 was not material to the Statements.

Raw materials used by Procter & Gamble are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. To manage the volatility related to forecasted inventory purchases, Procter & Gamble uses futures and options with maturities generally less than one year. These instruments are generally designated as cash flow hedges. The mark-to-market gain or loss on qualifying hedges is included in other comprehensive income to the extent effective, and reclassified into direct cost of products sold in the period during which the hedged transaction affects earnings. Qualifying cash flow hedges deferred in other comprehensive income as of June 30, 2001 were not material. These amounts will be reclassified into earnings as the underlying transactions are recognized, generally less than one year. The mark-to-market gains or losses on non-qualifying, excluded and ineffective portions of hedges are recognized in direct cost of products sold immediately. No cash flow hedges were discontinued during the year ended June 30, 2001.

DIRECT MARKETING EXPENSES -- Direct marketing expenses represent specifically identified promotional, advertising, and other marketing expenses related to the Crisco and Jif Businesses.

DIRECT ADMINISTRATIVE AND OTHER EXPENSES -- Direct administrative and other expenses relate to fully dedicated resources that support the operations of Crisco and Jif. Certain expenses are specifically identifiable and others are allocated to Crisco and Jif based on the number of employees, including an estimate of actual time and effort spent. These direct expenses do not include support organizations such as human resources, legal, and non-fully dedicated resources including sales and transactional accounting. As such, the Statements do not include any indirect selling, administrative, or research expenses.

USE OF ESTIMATES - The preparation of the Statements requires management to make estimates and assumptions that affect the amounts reported in the Statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions Procter & Gamble may undertake in the future, actual results ultimately may differ from the

estimates.

F-12

3. MAJOR CUSTOMER

The Crisco and Jif Businesses have one customer (Wal-Mart and its affiliates, "Wal-Mart") with net revenues exceeding 10% of total net revenues with respect to both businesses. Net revenues from Wal-Mart as a percent of total net revenues were approximately 19%, 17% and 14% for the years ended June 30, 2001, 2000 and 1999, respectively.

F-13

THE CRISCO & JIF BUSINESSES OF THE PROCTER & GAMBLE COMPANY

COMBINED STATEMENT OF INVENTORY AND PROPERTY, PLANT
AND EQUIPMENT -- NET AS OF DECEMBER 31, 2001 (UNAUDITED)

	DECEMBER 31, 2001

	(IN THOUSANDS)
INVENTORY:	
Materials and supplies.....	\$ 7,700
Work in process.....	3,800
Finished goods.....	19,100

TOTAL INVENTORY.....	\$ 30,600
	=====
PROPERTY, PLANT AND EQUIPMENT -- NET:	
Land.....	\$ 1,500
Buildings.....	23,700
Machinery and equipment.....	180,700
Construction work in progress.....	1,700

	207,600
Accumulated depreciation.....	(115,400)

TOTAL PROPERTY, PLANT AND EQUIPMENT -- NET.....	\$ 92,200
	=====

See accompanying notes to the Statements (unaudited).

F-14

THE CRISCO & JIF BUSINESSES OF THE PROCTER & GAMBLE COMPANY

COMBINED STATEMENTS OF REVENUES, DIRECT COST OF PRODUCTS
SOLD, DIRECT MARKETING EXPENSES AND DIRECT ADMINISTRATIVE AND
OTHER EXPENSES FOR THE SIX MONTHS ENDED
DECEMBER 31, 2001 AND 2000 (UNAUDITED)

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	DECEMBER 31,	
	----- 2001	2000 -----
	(IN THOUSANDS)	
REVENUES:		
Revenues.....	\$356,400	\$372,700
Less: Coupon expense and other pricing allowances.....	25,200	22,900
	-----	-----
Net revenues.....	331,200	349,800
DIRECT COST OF PRODUCTS SOLD.....	207,200	226,500
	-----	-----
EXCESS OF NET REVENUES OVER		
DIRECT COST OF PRODUCTS SOLD.....	124,000	123,300
DIRECT MARKETING EXPENSES.....	12,900	12,500
DIRECT ADMINISTRATIVE AND OTHER EXPENSES.....	5,300	7,000
	-----	-----
EXCESS OF NET REVENUES OVER		
DIRECT COST OF PRODUCTS SOLD, DIRECT		
MARKETING EXPENSES, AND DIRECT		
ADMINISTRATIVE AND OTHER EXPENSES.....	\$105,800	\$103,800
	=====	=====

See accompanying notes to the Statements (unaudited).

F-15

THE CRISCO & JIF BUSINESSES OF THE PROCTER & GAMBLE COMPANY

NOTES TO THE STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

On October 9, 2001, P&G entered into a definitive agreement to merge the Jif and Crisco businesses with Smucker in an all-stock transaction. Crisco produces shortening and oil products that are manufactured at a P&G plant located in Cincinnati, Ohio ("Ivorydale Plant") and Jif produces peanut butter products that are manufactured at a P&G plant located in Lexington, Kentucky ("Lexington Plant"). P&G does not account for Crisco and Jif as separate entities. Accordingly, the information included in the accompanying combined statements of inventory and property, plant and equipment -- net as of December 31, 2001 and the related combined statements of revenues, direct cost of products sold, direct marketing expenses and direct administrative and other expenses for the six months ended December 31, 2001 and 2000 (collectively, the "Statements") has been derived from P&G's consolidated financial records.

With respect to Crisco, for purposes of these Statements, direct cost of products sold is defined as the direct costs of the raw and packing materials used to manufacture Crisco products, direct manufacturing expenses related to the production of Crisco products incurred at the Ivorydale Plant, the effects of hedging activities, plus delivery costs (including allocated warehousing costs). Manufacturing expenses primarily include direct costs of manufacturing;

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however, certain costs are based on allocations (including items such as facilities management, information technology support, site human resources) as the Ivorydale Plant is shared with other P&G businesses. The costs are allocated based on factors such as level of effort, headcount and square footage.

With respect to Jif, for purposes of the Statements, direct cost of products sold is defined as the direct costs of the raw and packing materials used to manufacture Jif products, direct manufacturing expenses incurred at the Lexington Plant, plus delivery costs (including allocated warehousing costs).

In addition, the Statements include allocations of certain P&G administrative and other expenses that are allocated to Jif and Crisco based on the number of employees, including an estimate of actual time and effort spent. P&G management believes these allocations are reasonable; however, these allocated costs may not necessarily be indicative of costs that would have been incurred by Jif and Crisco on a stand-alone basis, since these allocated costs are based on the structure of the plants' operations and related activities, as managed and operated by P&G.

The property, plant and equipment included in the Statements as described in Note 2, Summary of Significant Accounting Policies, represent the assets used in producing Crisco products at the Ivorydale Plant and the assets used in producing Jif products at P&G's Lexington Plant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVENTORY -- Inventories are valued at cost, which is not in excess of current market price. Cost is primarily determined by the average cost or the first-in, first-out method. Certain raw materials are valued using the last-in, first-out ("LIFO") method. The combined replacement cost of Jif and Crisco LIFO inventories exceeded carrying value by approximately \$4.7 million at December 31, 2001. During the six months ended December 31, 2001 and 2000, certain raw material inventory quantities were reduced. The effect of such liquidations was to increase direct cost of products sold by approximately \$0.6 million for the six months ended December 31, 2001 and to decrease cost of products sold by approximately \$0.5 million for the six months ended December 31, 2000, respectively.

PROPERTY, PLANT AND EQUIPMENT -- NET -- Property, plant and equipment primarily represents P&G's original cost basis of land, buildings and machinery and equipment used to manufacture Jif and Crisco products, less accumulated depreciation. The recorded balances have been updated from June 30, 2001, to reflect continuing business operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 50 years. P&G periodically evaluates any

F-16

possible impairments of long-lived assets in accordance with the Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

REVENUES -- Revenues represent gross revenues less sales deductions, returns and allowances. Revenues from the sale of products are recognized when risk and title passes to the customer, which generally occurs upon shipment of the product.

COUPON EXPENSE AND OTHER PRICING ALLOWANCES -- Coupon expense represents

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deductions from revenues for coupons related to products. Coupon expense is based on expected redemption rates of issued coupons based on historical data. Other pricing allowances represent deductions from revenues for incentive discounts provided to customers other than normal sales discounts.

DIRECT COST OF PRODUCTS SOLD -- Direct cost of products sold is defined as the direct costs of the raw and packing materials used to manufacture Jif and Crisco products, direct manufacturing expenses related to the production of Crisco products at the Ivorydale Plant and the production of Jif products at the Lexington Plant, the effects of hedging activities related to the production of Crisco products, plus delivery costs (including allocated warehousing costs). With respect to Crisco products, manufacturing expenses primarily include direct costs of manufacturing; however, certain costs are based on allocations (including items such as facilities management, information technology support and site human resources) as the Ivorydale Plant is shared with other P&G businesses. The costs are allocated based on factors such as level of effort, headcount and square footage.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES -- Effective July 1, 2000, P&G adopted Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("FAS 133") as amended, which requires that all derivative instruments be reported on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The cumulative effect of adopting FAS 133 as of July 1, 2000 was not material to the Statements.

Raw materials used by P&G are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. To manage the volatility related to forecasted inventory purchases, P&G uses futures and options with maturities generally less than one year. These instruments are generally designated as cash flow hedges. The mark-to-market gain or loss on qualifying hedges is included in other comprehensive income to the extent effective, and reclassified into direct cost of products sold in the period during which the hedged transaction affects earnings. Qualifying cash flow hedges deferred in OCI as of December 31, 2001 and 2000 were not material. These amounts will be reclassified into earnings as the underlying transactions are recognized, generally less than one year. The mark-to-market gains or losses on non-qualifying, excluded and ineffective portions of hedges are recognized in direct cost of products sold immediately. No cash flow hedges were discontinued during the six months ended December 31, 2001 and 2000.

DIRECT MARKETING EXPENSES -- Direct marketing expenses represent specifically identified promotional, advertising, and other marketing expenses related to the Jif and Crisco businesses.

DIRECT ADMINISTRATIVE AND OTHER EXPENSES -- Direct administrative and other expenses relate to fully dedicated resources that support the operations of Jif and Crisco. Certain expenses are specifically identifiable and others are allocated to Jif and Crisco based on the number of employees, including an estimate of actual time and effort spent. These direct expenses do not include support organizations such as human resources, legal, and non-fully dedicated resources including sales and transactional accounting. As such, the Statements do not include any indirect selling, administrative, or research expenses.

USE OF ESTIMATES - The preparation of the Statements requires management to

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make estimates and assumptions that affect the amounts reported in the Statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions P&G may undertake in the future, actual results ultimately may differ from the estimates.

F-17

4. MAJOR CUSTOMER

The Jif and Crisco businesses have one customer (Wal-Mart and its affiliates, "Wal-Mart") with net revenues exceeding 10% of total net revenues with respect to both businesses. Net revenues from Wal-Mart as a percent of total net revenues were approximately 23% and 20% for the six months ended December 31, 2001 and 2000, respectively.

F-18

ANNEX A

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

THE PROCTER & GAMBLE COMPANY,

THE PROCTER & GAMBLE OHIO BRANDS COMPANY

AND

THE J.M. SMUCKER COMPANY

DATED AS OF

OCTOBER 9, 2001

A-1

ARTICLE I	DEFINITIONS.....	A-4
Section 1.01	Definitions.....	A-4
ARTICLE II	SPIN OFF AND MERGER.....	A-9
Section 2.01	The Spin Off.....	A-9
Section 2.02	The Merger.....	A-9
Section 2.03	Articles of Incorporation and Code of Regulations.....	A-9
Section 2.04	Directors.....	A-9
Section 2.05	Officers.....	A-10
ARTICLE III	CONVERSION OF SHARES AND RELATED MATTERS.....	A-10
Section 3.01	Conversion of Capital Stock.....	A-10
Section 3.02	Exchange of Certificates.....	A-11
Section 3.03	Appraisal Rights.....	A-12
ARTICLE IV	REPRESENTATIONS AND WARRANTIES OF P&G.....	A-12
Section 4.01	Due Organization, Good Standing and Corporate Power.....	A-12
Section 4.02	Authorization and Validity of Agreement.....	A-13
Section 4.03	Consents and Approvals; No Violations.....	A-13
Section 4.04	Information to be Supplied.....	A-13
Section 4.05	Capitalization of P&G and Newco.....	A-14

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ARTICLE V	REPRESENTATIONS AND WARRANTIES OF JMS.....	A-14
Section 5.01	Due Organization, Good Standing and Corporate Power.....	A-14
Section 5.02	Authorization and Validity of Agreement.....	A-15
Section 5.03	Capitalization.....	A-15
Section 5.04	Consents and Approvals; No Violations.....	A-15
Section 5.05	JMS SEC Filings; Financial Statements.....	A-16
Section 5.06	No Undisclosed Liabilities.....	A-16
Section 5.07	Information to be Supplied.....	A-16
Section 5.08	Absence of Certain Events.....	A-17
Section 5.09	Litigation.....	A-17
Section 5.10	Voting Requirements; Approval; Board Approval.....	A-17
Section 5.11	Title to Properties; Encumbrances.....	A-17
Section 5.12	Compliance with Law.....	A-17
Section 5.13	Insurance.....	A-18
Section 5.14	Employees and Employee Benefits.....	A-18
Section 5.15	Regulatory Matters.....	A-18
Section 5.16	JMS Rights Agreement.....	A-18
Section 5.17	Broker's or Finder's Fee.....	A-19
Section 5.18	Tax Treatment.....	A-19
Section 5.19	Intellectual Property.....	A-19
ARTICLE VI	COVENANTS.....	A-19
Section 6.01	Conduct of Jif/Crisco Business Pending the Effective Time...	A-19
Section 6.02	Conduct of JMS Pending the Effective Time.....	A-20
Section 6.03	Efforts to Close; Antitrust Clearance.....	A-21
Section 6.04	Confidentiality.....	A-22
Section 6.05	Cooperation in Litigation.....	A-23
A-2		
Section 6.06	Cooperation in Tax Matters.....	A-23
Section 6.07	Cooperation of Third Parties.....	A-24
Section 6.08	Additional Documents.....	A-24
Section 6.09	Access.....	A-24
Section 6.10	Public Announcements.....	A-24
Section 6.11	Transferring Employees.....	A-24
Section 6.12	Restrictions on Solicitation and Hiring.....	A-26
Section 6.13	JMS Shareholder Meeting.....	A-26
Section 6.14	Preparation of Proxy Statement/Prospectus; Registration Statement.....	A-27
Section 6.15	Board Recommendation.....	A-28
Section 6.16	No Solicitation.....	A-28
Section 6.17	Notification of Certain Matters.....	A-28
Section 6.18	NYSE Listing.....	A-29
Section 6.19	Affiliates.....	A-29
Section 6.20	Ancillary Agreements.....	A-29
Section 6.21	Consummation of the Spin Off.....	A-29
Section 6.22	Covenant Not to Compete.....	A-29
Section 6.23	Standstill.....	A-29
Section 6.24	Interim Financial Information.....	A-30
Section 6.25	Indemnification.....	A-30
Section 6.26	Title Policies.....	A-31
Section 6.27	Shareholder Agreement.....	A-31
ARTICLE VII	CONDITIONS TO THE MERGER.....	A-31
Section 7.01	Conditions to the Merger.....	A-31
Section 7.02	Conditions to the Obligation of JMS.....	A-31
Section 7.03	Conditions to the Obligation of P&G.....	A-32
ARTICLE VIII	TERMINATION AND ABANDONMENT.....	A-33
Section 8.01	Termination.....	A-33
Section 8.02	Effect of Termination.....	A-34

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ARTICLE IX	MISCELLANEOUS.....	A-34
Section 9.01	Nonsurvival of Representations, Warranties and Agreements...	A-34
Section 9.02	Amendment and Modification.....	A-34
Section 9.03	Waiver of Compliance.....	A-34
Section 9.04	Notices.....	A-34
Section 9.05	Third Party Beneficiaries.....	A-35
Section 9.06	Successors and Assigns.....	A-35
Section 9.07	Entire Agreement.....	A-35
Section 9.08	Severability.....	A-35
Section 9.09	Captions.....	A-36
Section 9.10	Counterparts.....	A-36
Section 9.11	Governing Law.....	A-36
Section 9.12	Expenses.....	A-36
Section 9.13	Specific Performance.....	A-36
AMENDMENT NO. 1 TO THE AGREEMENT AND PLAN OF MERGER.....		A-38

A-3

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of October 9, 2001, by and among The Procter & Gamble Company, an Ohio corporation ("P&G"), The Procter & Gamble Ohio Brands Company, an Ohio corporation and a wholly-owned subsidiary of P&G ("Newco"), and The J.M. Smucker Company, an Ohio corporation ("JMS").

WHEREAS, P&G directly and indirectly through its wholly-owned Subsidiaries is engaged in the Jif/Crisco Business (capitalized terms used herein shall have the meaning given to them in Article I unless otherwise defined herein);

WHEREAS, prior to the Effective Time on the Closing Date P&G shall, (i) pursuant to the Contribution Agreement, transfer, or cause to be transferred, substantially all of the assets, properties, rights and interests of P&G and its Affiliates of the Jif/Crisco Business and certain of the liabilities of the Jif/Crisco Business to Newco and (ii) distribute to all P&G Shareholders on the Record Date, one share of Newco Common Stock for each share of P&G Common Stock held by such holder on the Record Date (the "Spin Off");

WHEREAS, the boards of directors of P&G, Newco and JMS have each approved and declared advisable the Merger of Newco with and into JMS immediately following the Spin Off, upon the terms and subject to the conditions set forth in this Agreement and in accordance with the Ohio Corporation Law;

WHEREAS, for federal income tax purposes, it is intended that (i) the Spin Off shall be tax-free to P&G and to the P&G Shareholders pursuant to Section 355 of the Code and (ii) the Merger shall qualify as a tax-free reorganization within the meaning of Section 368 of the Code, and the parties intend, by executing this Agreement, to adopt a plan of reorganization within the meaning of Section 368 of the Code; and

WHEREAS, simultaneously with the execution of this Agreement, certain shareholders of JMS have entered into the Shareholders Agreement.

NOW THEREFORE, in consideration of the foregoing premises and of the mutual covenants, representations, warranties and agreements herein contained, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS

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SECTION 1.01 Definitions. When used in this Agreement, the following terms shall have the respective meanings specified therefore below (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"Action" shall mean any dispute, controversy, claim, action, litigation, suit, cause of action, arbitration, mediation, or any proceeding by or before any mediator or Governmental Entity, or any investigation, subpoena, or demand preliminary to any of the foregoing.

"Affiliate" shall mean, with respect to a Person, another Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

"Agreement" shall have the meaning set forth in the preamble.

"Ancillary Agreements" shall mean the Contribution Agreement, the Shareholders Agreement and the other agreements and documents defined as "Ancillary Agreements" in the Contribution Agreement.

"Antitrust Laws" shall mean the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, and all other Law and Orders that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

A-4

"Applicable Number" shall have the meaning set forth in Section 3.01(g).

"Applicable Percentage" shall have the meaning set forth in Section 3.01(e).

"Assertion" shall have the meaning set forth in Section 6.25(b).

"Authorization" shall mean any legally required consent, authorization, approval, order, license, certificate or Permit of or from, or declaration or filing with, any Governmental Entity, including, without limitation, any legally required filing with any Governmental Entity and the subsequent expiration of any legally required waiting period under any Antitrust Laws.

"Business Day" shall mean any day on which commercial banks in New York, New York are open for business providing substantially all services offered by such banks.

"Cash Amount" shall have the meaning set forth in Section 3.01(f).

"Certificate of Merger" shall have the meaning set forth in Section 2.02(c).

"Closing" shall have the meaning set forth in Section 2.02(b).

"Closing Date" shall have the meaning set forth in Section 2.02(b).

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Competing Transaction" shall have the meaning set forth in Section 6.16(b).

"Contracts" shall mean any note, bond, mortgage, indenture, license, franchise, permit, agreement, contract, lease, franchise agreement or other

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instrument or legal obligation of any kind.

"Contribution Agreement" shall mean the Contribution Agreement in the form of Exhibit A among Newco, P&G and The Procter & Gamble Manufacturing Company.

"Contributors" shall have the meaning set forth in the Contribution Agreement. "Culinary Sol Business" shall mean the culinary education and retail business for specialized cooking products as currently conducted by the Contributors in Norwood, Ohio.

"Disclosing Party" shall have the meaning set forth in Section 6.04(b)(i).

"Dissenting Shares" shall have the meaning set forth in Section 3.03.

"Divestiture" shall have the meaning set forth in Section 6.03(e).

"Effective Time" shall have the meaning set forth in Section 2.02(c).

"Employees" shall mean:

(a) those employees of P&G and its Affiliates currently exclusively employed to carry on the Jif/Crisco Business whose place of business is located at the Jif/Crisco Real Property, and including all employees on disability or other leave of absence; provided, however, that any such Employee who is on disability or other leave of absence and who does not return to work within one year from the Closing Date shall be deemed not to have been an Employee, and

(b) those employees of P&G and its Affiliates currently employed outside the Jif/Crisco Business, but who will become available to JMS and its Affiliates for employment in the Jif/Crisco Business prior to the Closing Date pursuant to P&G and its Affiliates' obligations under P&G and its Affiliates' collective bargaining agreement covering the employees at P&G's Ivorydale Facility.

"Encumbrances" shall mean all liens, security interests, pledges, mortgages, deeds of trusts, charges, options, or other encumbrances.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ESOP" shall mean The Employee Stock Ownership Trust of The Procter & Gamble Profit Sharing Trust and Employee Stock Ownership Plan.

A-5

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exchange Agent" shall have the meaning set forth in Section 3.02(a).

"Exchange Fund" shall have the meaning set forth in Section 3.02(b).

"FDA" shall mean the United States Food and Drug Administration.

"GAAP" shall mean generally accepted accounting principles of the United States of America, as in effect from time to time.

"Geography" shall mean the United States of America and Canada.

"Governmental Entity" shall mean any arbitrator, court, judicial, legislative, administrative or regulatory agency, commission, department, board or bureau or body or other governmental authority or instrumentality or any

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person or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, whether foreign, Federal, state, provincial, local or other government.

"HSR Act" shall have the meaning set forth in Section 4.03.

"Information" shall have the meaning set forth in Section 6.04(a).

"IRS" means the United States Internal Revenue Service.

"Jif/Crisco Business" shall have the meaning assigned to such term in the Contribution Agreement.

"Jif/Crisco Material Adverse Effect" shall mean a material adverse effect on the business, financial condition, operations or results of operations of the Jif/Crisco Business taken as a whole or the ability of P&G and Newco to consummate the Merger and to perform their obligations under this Agreement and the Ancillary Agreements or to consummate the Transactions.

"Jif/Crisco Real Property" shall mean all right, title and interest in or to the improved and unimproved land related to the Jif/Crisco Business, and all buildings, structures, erections, improvements, appurtenances, and fixtures situated on or forming part of such land listed in Schedule 1.52 of the Contribution Agreement.

"JMS" shall have the meaning set forth in the preamble.

"JMS Balance Sheet" shall have the meaning set forth in Section 5.06.

"JMS Board Recommendation" shall have the meaning set forth in Section 5.10(b).

"JMS Common Stock" shall have the meaning set forth in Section 5.03.

"JMS Compensation and Benefit Plans" shall have the meaning set forth in Section 5.14(a).

"JMS Equity Interests" shall have the meaning set forth in Section 5.03.

"JMS Intellectual Property" shall have the meaning set forth in Section 5.19.

"JMS Material Adverse Effect" shall mean a material adverse effect on the business, financial condition, operations or results of operations of JMS and its Subsidiaries taken as a whole or the ability of JMS to consummate the Merger and to perform their obligations under this Agreement and the Ancillary Agreements or to consummate the Transactions.

"JMS Options" shall have the meaning set forth in Section 5.03.

"JMS Pension Plan" shall have the meaning set forth in Section 5.14(c).

"JMS Preferred Stock" shall have the meaning set forth in Section 5.03.

"JMS Right" shall have the meaning set forth in Section 5.03.

"JMS Rights Agreement" shall have the meaning set forth in Section 5.03.

A-6

"JMS SEC Filings" shall have the meaning set forth in Section 5.05(a).

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"JMS Series A Preferred Stock" shall have the meaning set forth in Section 5.03.

"JMS Shareholder Approval" shall have the meaning set forth in Section 5.10(a).

"JMS Shareholders" shall mean the holders of JMS Common Stock.

"JMS Shareholder Meeting" shall have the meaning set forth in Section 6.13.

"Knowledge" shall mean, whether or not capitalized, in the case of an entity, the actual knowledge after due inquiry of the officers of such entity as of the date of the representation, warranty or statement.

"Law" shall mean any statute, law, ordinance, rule or regulation of any Governmental Entity.

"Merger" shall have the meaning set forth in Section 2.02(a).

"Merger Registration Statement" shall have the meaning set forth in Section 4.04.

"Newco" shall have the meaning set forth in the preamble.

"Newco Common Stock" shall have the meaning set forth in Section 4.05(b).

"Newco Employee" shall have the meaning set forth in Section 6.11(a).

"Newco Equity Interests" shall have the meaning set forth in Section 4.05(b).

"Newco Shareholder" shall mean the holders of Newco Common Stock.

"NYSE" shall mean the New York Stock Exchange.

"Ohio Corporation Law" shall mean the General Corporation Law of the Ohio Revised Code.

"Old Certificates" shall mean certificates representing shares of JMS Common Stock.

"Old JMS Shares" shall have the meaning set forth in Section 3.01(e).

"Order" shall mean any order, judgment, decree, writ, permit or license of any Governmental Entity.

"Permits" shall mean all permits, approvals, licenses, authorizations, certificates, rights, exemptions and orders from Governmental Entities.

"Person" shall mean and include an association, an individual, a partnership, a joint venture, joint stock company, a corporation, a trust, an unincorporated organization, a limited liability company, a group, a government or other department or agency thereof and any other entity.

"P&G" shall have the meaning set forth in the preamble.

"P&G Equity Interests" shall have the meaning assigned to such term in Section 4.05(a).

"P&G Common Stock" shall have the meaning set forth in Section 4.05(a).

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"P&G Options" shall have the meaning assigned to such term in Section 4.05(a).

"P&G Shareholders" shall mean the holders from time to time of the P&G Common Stock.

"Proxy Statement/Prospectus" shall have the meaning assigned to such term in Section 6.14(a)(i).

"Receiving Party" shall have the meaning set forth in Section 6.04(b).

"Record Date" shall mean the date with respect to which P&G Shareholders of record on such date will receive Newco Common Stock in the Spin Off.

"Restricted Business" shall have meaning set forth in Section 6.22.

"Rule 145 Affiliates" shall have the meaning set forth in Section 6.19.

"SEC" shall mean the U.S. Securities and Exchange Commission.

A-7

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Settlement" shall have the meaning set forth in Section 6.03(e).

"Shareholders Agreement" shall mean the agreement in the form attached hereto as Exhibit B, between P&G and the JMS Shareholders that are parties thereto.

"Spin Off" shall have the meaning set forth in the recitals.

"Spin Off Stock Certificate" shall have the meaning set forth in Section 2.01.

"Standstill Period" shall have the meaning set forth in Section 6.23.

"Subsidiary" of any Person shall mean any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Superior Proposal" shall mean a written Competing Transaction that is for more than 50% of the outstanding shares of JMS Common Stock or all or substantially all of the assets of JMS and its Subsidiaries, which is, in the reasonable opinion of the board of directors of JMS, reasonably certain of being completed and more favorable to JMS and the JMS Shareholders than the Transactions, and which is not subject to any financing or due diligence condition; provided, however, that, without limiting the foregoing, a Competing Transaction shall not constitute a Superior Proposal unless, in the written opinion (with only customary qualifications) of JMS's independent financial advisors, such Competing Transaction is more favorable from a financial point of view to the JMS Shareholders than the Transactions, including any proposed alterations to the terms of the Transactions submitted by P&G in response to

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such Competing Transaction.

"Supplemental Rulings" shall have the meaning set forth in Section 6.06(c).

"Surviving Corporation" shall have the meaning set forth in Section 2.02(a).

"Surviving Corporation Common Stock" shall have the meaning set forth in Section 3.01(a).

"Target" shall have meaning set forth in Section 6.22.

"Tax" shall mean any United States federal, foreign, national, state, provincial, local or other jurisdictional income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, estimated, alternative, or add on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge imposed by any Governmental Entity, together with any interest or penalty imposed thereon.

"Tax Return" shall mean a report, return or other information (including any attached schedules or any amendments to such report, return or other information) required to be supplied to or filed with a Governmental Entity with respect to any Tax, including an information return, claim for refund, amended return or declaration of estimated Tax.

"Termination Fee" shall have the meaning set forth in Section 8.02(b).

"Trading Day" shall mean any day on which there are sales of common stock on the NYSE composite tape.

"Transactions" shall mean the transactions contemplated by this Agreement, the Spin Off, the Merger and the Ancillary Agreements.

"Voting Securities" shall have the meaning set forth in Section 6.23.

A-8

ARTICLE II

SPIN OFF AND MERGER

SECTION 2.01 The Spin Off. Prior to the Effective Time, on the Closing Date, P&G shall effect the Spin Off by executing the Contribution Agreement and consummating the transactions contemplated thereby and delivering, or causing to be delivered, to the Exchange Agent a certificate (the "Spin Off Stock Certificate") representing that number of shares of Newco Common Stock that is equal to the number of shares of P&G Common Stock that are outstanding as of the Record Date (other than treasury shares). The Exchange Agent shall hold the shares of Newco Common Stock represented by the Spin Off Stock Certificate for the P&G Shareholders on the Record Date. Except as directed by P&G in its sole discretion, the shares of Newco Common Stock represented by the Spin Off Stock Certificate shall not be transferable and the Exchange Agent shall not deliver any shares of Newco Common Stock represented by the Spin Off Stock Certificate to any P&G Shareholder.

SECTION 2.02 The Merger.

(a) Upon the terms and subject to the conditions of this Agreement, Newco will be merged (the "Merger") with and into JMS in accordance with the provisions of the Ohio Corporation Law. Following the Merger, JMS will continue

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as the surviving corporation (the "Surviving Corporation") and the separate corporate existence of Newco will cease.

(b) Upon the terms and subject to the conditions set forth in this Agreement, the consummation of the Spin Off and the Merger (the "Closing") will take place at the offices of P&G, at 10:00 a.m., local time on the fifth Business Day following satisfaction or waiver of the conditions set forth in Article VII hereof (other than those conditions, including the Spin Off, that by their nature or pursuant to the terms of this Agreement are to be satisfied at the Closing, but subject to the satisfaction or, where permitted, the waiver of those conditions), or at such other date, time or place as P&G and JMS may agree. The date on which the Closing occurs is referred to as the "Closing Date."

(c) The Merger will be consummated by the filing of a certificate of merger (the "Certificate of Merger") with the Secretary of State of the State of Ohio in accordance with Section 1701.78 of the Ohio Corporation Law. The time that the Merger becomes effective in accordance with Section 1701.78 of the Ohio Corporation Law is referred to in this Agreement as the "Effective Time."

(d) The Merger will have the effects set forth in the Ohio Corporation Law. Without limiting the generality of the foregoing, as of the Effective Time, all properties, rights, privileges, powers and franchises of Newco and JMS will vest in the Surviving Corporation and all debts, liabilities and duties of Newco and JMS will become debts, liabilities and duties of the Surviving Corporation.

SECTION 2.03 Articles of Incorporation and Code of Regulations. The articles of incorporation and code of regulations of the Surviving Corporation as of the Effective Time shall be in the form of the articles of incorporation and code of regulations of JMS as in effect as of the date hereof and as further amended so as to provide (a) that the provisions of paragraph (a) of Division II of Article IV of the amended articles of incorporation apply only to the voting of shares with respect to the matters set forth on Schedule 2.03 hereto, and (b) that as to all other matters as to which holders of shares of Surviving Corporation Common Stock are entitled to vote, each outstanding share of Surviving Corporation Common Stock shall entitle the holder to one vote for such share of Surviving Corporation Common Stock with respect to each such other matter and (c) for such other amendments not affecting or related to the voting power of shares of Surviving Corporation Common Stock, as P&G and JMS shall mutually agree within ten Business Days of the date hereof.

SECTION 2.04 Directors. The directors of JMS at the Effective Time will be the initial directors of the Surviving Corporation and will hold office from the Effective Time until their respective successors are duly elected or appointed and qualified in the manner provided by the certificate of incorporation and bylaws of the Surviving Corporation or as otherwise provided by Law.

A-9

SECTION 2.05 Officers. The officers of JMS at the Effective Time will be the initial officers of the Surviving Corporation and will hold office from the Effective Time until their respective successors are duly elected or appointed and qualified in the manner provided by the certificate of incorporation and bylaws of the Surviving Corporation or as otherwise provided by Law.

ARTICLE III

CONVERSION OF SHARES AND RELATED MATTERS

SECTION 3.01 Conversion of Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Newco, JMS or the holders of

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the following securities:

(a) Each share of Newco Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Newco Common Stock to be cancelled pursuant to Section 3.01(b) or as to which appraisal rights are perfected in accordance with Section 3.05) shall be converted, subject to Section 3.02(e), into the right to receive one-fiftieth (1/50th) of a share of the common stock of the Surviving Corporation, without par value ("Surviving Corporation Common Stock"). Following the Effective Time, all shares of Newco Common Stock shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist.

(b) Each share of Newco Common Stock owned by JMS or any direct or indirect wholly-owned Subsidiary of JMS (other than, in each case, trust accounts, managed accounts, custodial accounts and the like that are beneficially owned by third parties) immediately prior to the Effective Time shall be cancelled and extinguished without any conversion thereof and no payment shall be made with respect thereto.

(c) Intentionally Omitted.

(d) Each share of JMS Common Stock issued and outstanding immediately prior to the Effective Time will, by virtue of the Merger and without any action on the part of the holder thereof, be converted into (i) that number of shares of Surviving Corporation Common Stock equal to the Applicable Percentage of a share of Surviving Corporation Common Stock and (ii) to the extent that one or more of the Supplemental Rulings are not obtained in whole or in part, the Cash Amount. Each JMS Option shall remain outstanding and the terms of each such JMS Option shall be correspondingly adjusted to reflect the conversion of the JMS Common Stock.

(e) The "Applicable Percentage" shall mean a fraction, the numerator of which is the product obtained by multiplying (1) the quotient obtained by dividing (i) the total number of shares of Surviving Corporation Common Stock to be issued upon the conversion of the Newco Common Stock pursuant to Section 3.01(a) by (ii) the sum of (xx) the product obtained by multiplying the total number of shares of JMS Common Stock outstanding immediately prior to the Effective Time (the "Old JMS Shares") and 1.1070 and (yy) the Applicable Number, and (2) the difference obtained by subtracting the Applicable Number from the Old JMS Shares; and the denominator of which is the Old JMS Shares. For illustrative purposes, the Applicable Percentage is set forth as a formula on Schedule 3.01(e) hereto. The Applicable Percentage shall be expressed as a decimal and shall be rounded to the fourth decimal place. To the extent all of the Supplemental Rulings are obtained in whole, the Applicable Number shall be zero.

(f) The "Cash Amount" shall mean, to the extent that one or more of the Supplemental Rulings are not obtained in whole or in part, the quotient obtained by dividing (i) the product obtained by multiplying (x) the Applicable Number by (y) a cash price equal to the average closing price for the JMS Common Stock on the NYSE for the five Trading Days ending two Trading Days prior to the Effective Time by (ii) the Old JMS Shares.

(g) The "Applicable Number" shall mean, to the extent that one or more of the Supplemental Rulings are not obtained in whole or in part, that number of shares of JMS Common Stock that P&G determines in good faith and in its sole discretion is required to be effectively redeemed by JMS

A-10

through the Cash Amount in (f) above in order to, together with the

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corresponding formulaic adjustment to the Applicable Percentage in (e) above, reverse the potential tax effects of failing to obtain any of the Supplemental Rulings in whole or in part (i.e. by providing that the holders of shares of Newco Common Stock, as a group, and the holders of Old JMS Shares, as a group, receive the same relative proportion of the Surviving Corporation Common Stock to be issued in the Merger that they would have received if the Supplemental Rulings had been obtained). For avoidance of doubt, the parties intend that the Applicable Number be set so as to reverse one half of the potential tax effects of failing to obtain any of the Supplemental Rulings and that the balance of such effects are to be reversed through the formulaic adjustment of the Applicable Percentage in (e) above.

SECTION 3.02 Exchange of Certificates.

(a) Prior to the Closing, P&G shall appoint a bank or trust company reasonably acceptable to JMS as exchange agent (the "Exchange Agent") for the purpose of holding the Spin Off Stock Certificate on behalf of the P&G Shareholders on the Record Date and for exchanging the Spin Off Stock Certificate and the Old Certificates for certificates representing that number of shares of Surviving Corporation Common Stock that are to be issued pursuant to Section 3.01 hereof and cash for payment of the Cash Amount. The costs and expenses of the Exchange Agents shall be borne by Newco.

(b) As soon as practicable, but in any event no later than 5 Business Days following the Effective Time, JMS shall deposit with the Exchange Agent as nominee for the benefit of the holders of Newco Common Stock and JMS Common Stock, certificates representing the shares of Surviving Corporation Common Stock (such shares of Surviving Corporation Common Stock, together with cash for payment of the Cash Amount and any dividends or distributions with respect thereto being hereinafter referred to as the "Exchange Fund") to be issued pursuant to Sections 3.01(a) and 3.01(d).

(c) The Exchange Agent shall, as soon as practicable, but in any event no later than 10 days following the Effective Time, distribute to each holder of shares of Newco Common Stock immediately prior to the Effective Time (other than holders of shares of Newco Common Stock that are cancelled pursuant to Section 3.01(b)) and each holder of shares of JMS Common Stock immediately prior to the Effective Time (i) certificates representing the whole number of shares of Surviving Corporation Common Stock into which the shares of Newco Common Stock or JMS Common Stock, as the case may be, held by such Person have been converted in accordance with Section 3.01(a) and Section 3.01(d), (ii) the amount of dividends or other distributions, if any, with a record date on or after the Effective Time which theretofore became payable with respect to such shares of Surviving Corporation Common Stock and (iii) the Cash Amount, in each case which such holder has the right to receive pursuant to the provisions of this Article III, and the Spin Off Stock Certificate and the Old Certificates shall forthwith be cancelled. In no event shall the holder of any shares of Newco Common Stock or JMS Common Stock be entitled to receive interest on any funds to be received in the Merger. From and after the Effective Time, the interest of the holders of the Newco Common Stock immediately prior to the Merger in the Spin Off Stock Certificate and the interest of the holders of shares of JMS Common Stock immediately prior to the merger in the Old Certificates shall be limited to the right to receive only (i) the whole number of shares of Surviving Corporation Common Stock into which the shares of Newco Common Stock or JMS Common Stock held by such Person have been converted in accordance with Sections 3.01(a) and 3.01(d), (ii) the amount of dividends or other distributions, if any, with a record date on or after the Effective Time which theretofore became payable with respect to such shares of Surviving Corporation Common Stock, (iii) the Cash Amount and (iv) the cash amount payable in lieu of fractional shares of Surviving Corporation Common Stock in accordance with Section 3.02(e).

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(d) All shares of Surviving Corporation Common Stock issued upon conversion of shares of Newco Common Stock or JMS Common Stock in accordance with the terms hereof (including the Cash Amount paid pursuant to Section 3.02(e)) shall be deemed to have been issued at the Effective Time in full satisfaction of all rights pertaining to such shares of Newco Common Stock or JMS Common Stock.

(e) In lieu of any such fractional shares of Surviving Corporation Common Stock, each holder of shares of Newco Common Stock or JMS Common Stock who would otherwise have been entitled to a

A-11

fraction of a share of Surviving Corporation Common Stock in exchange for such shares of Newco Common Stock or JMS Common Stock (after taking into account all shares of Newco Common Stock or JMS Common Stock held by such holder immediately prior to the Effective Time) shall receive from the Exchange Agent, as applicable, a cash payment in lieu of such fractional share of Surviving Corporation Common Stock. The cash payment will be the amount whereby the Exchange Agent shall receive a number of whole shares that represent the fractional shares, sells such shares and distributes the proceeds to the holder of the Newco Common Stock and JMS Common Stock who would otherwise have been entitled to a fraction of a share of Surviving Corporation Common Stock (such amount not to exceed the value of one share of Surviving Corporation Common Stock).

(f) JMS shall be entitled to deduct and withhold from the shares of Surviving Corporation Common Stock any dividends and distributions thereon and cash in lieu of fractional shares of Surviving Corporation Common Stock otherwise payable hereunder to any holder of shares of Newco Common Stock such amounts as it is required to deduct and withhold with respect to making of such payment under any provisions of Federal, state, local or foreign income tax Law. To the extent that JMS so withholds those amounts, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Newco Common Stock in respect of which such deduction and withholding was made by JMS.

SECTION 3.03 Appraisal Rights. Holders of JMS Common Stock that are issued and outstanding immediately prior to the Effective Time and that are held by a holder who has not voted those shares in favor of the adoption of this Agreement, who shall have delivered a written demand for appraisal of those shares in accordance with the Ohio Corporation Law and who, as of the Effective Time, shall not have effectively withdrawn or lost this right to appraisal (the "Dissenting Shares") shall be entitled to those rights (but only those rights) as are granted by Section 1701.85 of the Ohio Corporation Law. Each holder of Dissenting Shares who becomes entitled to payment for those Dissenting Shares pursuant to Section 1701.85 of the Ohio Corporation Law shall receive payment from the Surviving Corporation in accordance with the Ohio Corporation Law; provided, however, that (i) if any holder of Dissenting Shares shall have failed to establish their entitlement to appraisal rights as provided in Section 1701.85 of the Ohio Corporation Law, (ii) if any holder of Dissenting Shares shall have effectively withdrawn the holder's demand for appraisal of the holder's shares or lost the holder's right to appraisal and payment for the holder's shares under Section 1701.85 of the Ohio Corporation Law or (iii) if neither any holder of Dissenting Shares nor the Surviving Corporation shall have filed a petition demanding a determination of the value of all Dissenting Shares within the time provided in Section 1701.85 of the Ohio Corporation Law, the holder shall forfeit the right to appraisal of those Dissenting Shares and each Dissenting Share shall be exchanged pursuant to Section 3.01 of this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF P&G

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P&G hereby represents and warrants to JMS as follows:

SECTION 4.01 Due Organization, Good Standing and Corporate Power. Each of P&G and Newco is a corporation duly organized, validly existing and in good standing under the laws of the state of Ohio. P&G and its Subsidiaries have all requisite corporate power and authority to own, lease and operate their properties that will be contributed to Newco pursuant to the Contribution Agreement and to carry on the Jif/Crisco Business as now being conducted. Each of P&G and its Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by the Jif/Crisco Business that will be contributed to Newco pursuant to the Contribution Agreement or the nature of the Jif/Crisco Business conducted by it makes such qualification necessary, except in such jurisdictions where the failure to be so qualified or licensed and in good standing would not have or reasonably be expected to have, individually or in the aggregate, a Jif/Crisco Material Adverse Effect.

A-12

SECTION 4.02 Authorization and Validity of Agreement. Each of P&G and Newco has full corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations hereunder or thereunder and to consummate the Transactions. The execution, delivery and performance of this Agreement and the Ancillary Agreements by each of P&G and Newco and the consummation by each of them of the Transactions, have been duly authorized and unanimously approved by their respective boards of directors and by P&G as the sole shareholder of Newco and no other corporate action on the part of P&G or Newco is necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Agreements or the consummation of the Transactions. This Agreement and the Ancillary Agreements have been duly executed and delivered by each of P&G and Newco, as applicable, and, to the extent it is a party thereto, each is a valid and binding obligation of each of P&G and Newco enforceable against each of P&G and Newco, in accordance with their terms, except to the extent that its enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Law affecting the enforcement of creditors' rights generally and by general equitable principles.

SECTION 4.03 Consents and Approvals; No Violations. Assuming (a) the filings required under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (the "HSR Act"), are made and the waiting periods thereunder (if applicable) have been terminated or expired, (b) the applicable requirements of the Securities Act and the Exchange Act are met, (c) the requirements under any applicable state securities or blue sky laws are met, (d) the requirements of the NYSE in respect of the listing of the shares of Surviving Corporation Common Stock to be issued hereunder are met, and (e) the filing of the Certificate of Merger and other appropriate merger documents, if any, as required by the Ohio Corporation Law, are made, the execution and delivery of this Agreement and the Ancillary Agreements by P&G and Newco, as applicable, and the consummation by P&G and Newco of the Transactions do not and will not: (i) violate or conflict with any provision of their respective articles of incorporation or code of regulations, (ii) violate or conflict with any Law or Order of any Governmental Entity applicable to P&G or Newco or by which any of their respective properties or assets that will be contributed to Newco pursuant to the Contribution Agreement may be bound; (iii) require any filing with, or Permit, consent or approval of, or the giving of any notice to, any Governmental Entity; or (iv) result in a violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default under, or give rise to any right of termination, cancellation or acceleration, or result in the creation of any Encumbrance upon any of the properties or assets of P&G and its Subsidiaries

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that will be contributed to Newco pursuant to the Contribution Agreement or give rise to any obligation, right of termination, cancellation, acceleration or increase of any obligation or a loss of a material benefit under, any of the terms, conditions or provisions of any Contract to which P&G or Newco is a party that will be contributed to Newco pursuant to the Contribution Agreement, or by which Newco or the properties or assets that will be contributed to Newco pursuant to the Contribution Agreement may be bound, excluding in the case of clauses (i) through (iv) above, conflicts, violations, breaches, defaults, rights of payment and reimbursement, terminations, modifications, accelerations and creations and impositions of Encumbrances which would not have or reasonably be expected to have, individually or in the aggregate, a Jif/Crisco Material Adverse Effect.

SECTION 4.04 Information to be Supplied. The information supplied or to be supplied by P&G for inclusion in the Proxy Statement/Prospectus registration statement on Form S-4 to be filed with the SEC or incorporated by reference by JMS in connection with the issuance of JMS Common Stock in the Merger (as amended and supplemented from time to time, the "Merger Registration Statement") will not, on the date of its filing or, in the case of the Merger Registration Statement, at the time it becomes effective under the Securities Act, or on the dates the Proxy Statement/Prospectus is mailed to the JMS Shareholders and the P&G Shareholders and at the time of the JMS Shareholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

A-13

SECTION 4.05 Capitalization of P&G and Newco.

(a) The authorized capital stock of P&G consists solely of 5,800 million shares of capital stock, without par value, of which 600 million are classified and designated as Series A Preferred Stock and 200 million are classified as Series B Preferred Stock and of which 5,000 million shares are classified and designated as common shares ("P&G Common Stock"). As of August 31, 2001, there were 53,751,192 shares of Series A Preferred Stock, 36,464,839 shares of Series B Preferred Stock and 1,296,878,428 shares of P&G Common Stock issued and outstanding and 103,404,387 shares of P&G Common Stock were reserved for issuance upon the exercise of outstanding options (the "P&G Options") for P&G Common Stock. All issued and outstanding shares of P&G Common Stock have been duly authorized and validly issued and are fully paid and non-assessable. As of the date of this Agreement and except for shares issuable pursuant to the P&G Options and shares issuable upon conversion of the Series A Preferred Stock and the Series B Preferred Stock, there are no outstanding options, warrants, rights, calls, subscriptions, claims of any character, agreements, obligations, convertible or exchangeable securities, or other commitments, contingent or otherwise, relating to P&G Common Stock or any capital stock equivalent or other nominal interest in P&G or any of its Subsidiaries which relate to P&G ("P&G Equity Interests") pursuant to which P&G or any of its Subsidiaries is or may become obligated to issue shares of its capital stock or other equity interests or any securities convertible into or exchangeable for, or evidencing the right to subscribe for any P&G Equity Interests. Except as set forth on Schedule 4.05(a), there are no agreements, commitments or contracts to which P&G is a party relating to the issuance, sale, transfer or voting of any equity securities or other securities of P&G.

(b) At the Closing, there will be a number of common shares, without par value, of Newco ("Newco Common Stock") issued and outstanding equal to the number of shares of P&G Common Stock outstanding. At the Closing, all issued and outstanding shares of Newco Common Stock will have been duly authorized and validly issued and fully paid and non-assessable. At the Closing, and except for

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(i) shares issuable pursuant to this Agreement and the Ancillary Agreements, there will be no outstanding options, warrants, rights, calls, subscriptions, claims of any character, agreements, obligations, convertible or exchangeable securities, or other commitments, contingent or otherwise, relating to Newco Common Stock or any capital stock equivalent or other nominal interest in Newco which relate to Newco ("Newco Equity Interests") pursuant to which Newco is or may become obligated to issue shares of its capital stock or other equity interests or any securities convertible into or exchangeable for, or evidencing the right to subscribe for any Newco Equity Interests. At the Closing, there will be no outstanding obligations of Newco to repurchase, redeem or otherwise acquire any outstanding securities of Newco Equity Interests. Except pursuant to this Agreement and the Ancillary Agreements, at the Closing, there will be no agreements, commitments or contracts relating to the issuance, sale, transfer or voting of any equity securities or other securities of Newco.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF JMS

JMS hereby represents and warrants to P&G as follows:

SECTION 5.01 Due Organization, Good Standing and Corporate Power.

(a) JMS is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(b) Each of JMS' Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation (except as would not have a JMS Material Adverse Effect), and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(c) Each of JMS and its Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the

A-14

business conducted by it makes such qualification necessary, except in such jurisdictions where the failure to be so qualified or licensed and in good standing would not have or reasonably be expected to have, individually or in the aggregate, a JMS Material Adverse Effect.

SECTION 5.02 Authorization and Validity of Agreement. JMS has full corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to perform its obligations hereunder or thereunder and to consummate the Transactions. The execution, delivery and performance of this Agreement and the Ancillary Agreements by JMS, and the consummation by JMS of the Transactions, have been duly authorized and unanimously approved by its board of directors and, except for the JMS Shareholder Approval, no other corporate action on the part of JMS is necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Agreements or the consummation of the Transactions. This Agreement and the Ancillary Agreements have been duly executed and delivered by JMS and to the extent that it is a party thereto each is a valid and binding obligation of JMS enforceable against JMS in accordance with their terms, except to the extent that its enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Law affecting the enforcement of creditors' rights generally and by general equitable principles.

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SECTION 5.03 Capitalization. The authorized capital stock of JMS consists of 70,000,000 shares of common stock, no par value (the "JMS Common Stock") and 3,000,000 shares of serial preferred stock, no par value ("JMS Preferred Stock") of which 700,000 shares have been designated as "Series A Junior Participating Preferred Shares" (hereinafter referred to as "JMS Series A Preferred Stock"). As of October 9, 2001, there were 24,404,754 shares of JMS Common Stock issued and outstanding, 2,287,877 shares were reserved for issuance upon the exercise of outstanding options (the "JMS Options") for JMS Common Stock, and between such date and the date hereof, JMS has not issued shares of JMS Common Stock other than pursuant to the exercise of such options to purchase shares of JMS Common Stock. All issued and outstanding shares of JMS Common Stock have been duly authorized and validly issued and are fully paid and nonassessable. One right to purchase one-hundredth of a share of JMS Series A Preferred Stock (each, a "JMS Right"), issued pursuant to the Amended and Restated Rights Agreement dated as of August 28, 2000 between JMS and Computershare Investor Services, LLC (the "JMS Rights Agreement"), is associated with and attached to each outstanding share of JMS Common Stock. As of the date of this Agreement, and except for shares of JMS Common Stock issuable pursuant to the JMS Rights Agreement and the JMS Options, there are no outstanding or authorized options, warrants, rights, subscriptions, claims of any character, agreements, obligations, convertible or exchangeable securities, or other commitments, contingent or otherwise, relating to JMS Common Stock or any capital stock equivalent or other nominal interest in JMS or any of its Subsidiaries which relate to JMS (collectively, "JMS Equity Interests") pursuant to which JMS or any of its Subsidiaries is or may become obligated to issue shares of its capital stock or other equity interests or any securities convertible into, exchangeable for, or evidencing the right to subscribe for, any JMS Equity Interests. There are no outstanding obligations of JMS to repurchase, redeem or otherwise acquire any outstanding securities of JMS Equity Interests.

SECTION 5.04 Consents and Approvals; No Violations. Assuming (a) the filings required under the HSR Act are made and the waiting periods thereunder (if applicable) have been terminated or expired, (b) the applicable requirements of the Securities Act and the Exchange Act are met, (c) the requirements under any applicable state securities or blue sky laws are met, (d) the requirements of the NYSE in respect of the listing of the shares of JMS Common Stock to be issued hereunder are met, (e) the filing of the Certificate of Merger and other appropriate merger documents, if any, as required by the Ohio Corporation Law, are made, and (f) the JMS Shareholder Approval is obtained, the execution and delivery of this Agreement and the Ancillary Agreements by JMS and the consummation by JMS of the Transactions do not and will not: (i) violate or conflict with any provision of its articles of incorporation or code regulations or the comparable governing documents of JMS or any of JMS's Subsidiaries; (ii) violate or conflict with any Law or Order of any Governmental Entity applicable to JMS or any of JMS's Subsidiaries or by which any of their respective properties or assets may be bound; (iii) require any filing with, or Permit, consent or approval of, or the giving of any notice to, any Governmental Entity; or (iv) result in a violation or breach of, conflict with, constitute (with or without

A-15

due notice or lapse of time or both) a default under, or give rise to any right of termination, cancellation or acceleration, or result in the creation of any Encumbrance upon any of the properties or assets of JMS or any of its Subsidiaries under, or give rise to any obligation, right of termination, cancellation, acceleration or increase of any obligation or a loss of a material benefit under, any of the terms, conditions or provisions of any Contract to which JMS or any of JMS's Subsidiaries is a party, or by which JMS or any of JMS's Subsidiaries or by which any of their respective properties or assets may be bound, excluding from the foregoing clauses, conflicts, violations, breaches,

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defaults, rights of payment and reimbursement, terminations, modifications, accelerations and creations and impositions of Encumbrances which would not have or reasonably be expected to have, individually or in the aggregate, a JMS Material Adverse Effect.

SECTION 5.05 JMS SEC Filings; Financial Statements.

(a) JMS has timely filed, or will after the date of this Agreement, timely file, all registration statements, prospectuses, forms, reports and documents and related exhibits required to be filed by it under the Securities Act or the Exchange Act, as the case may be, since December 31, 1998 (collectively, including all SEC filings filed after the date of this Agreement and prior to the Closing, the "JMS SEC Filings"). The JMS SEC Filings