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The J.M. Smucker Company F4Q09 (Qtr End 04/30/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Eric Katzman - Deutsche Bank

Eric Katzman - Deutsche Bank

Congratulations, well deserved in a tough economy and a tough time, I guess I wanted to ask a couple of questions on the coffee business, now that you've owned it for six, seven plus months, can you talk a little bit about the \$80 million synergy target, it seems like things are going quite well in terms of how you're integrating it and also how the recent volatility since the quarter ended in coffee is kind of worked into your assumptions on that business for all of fiscal 2010.

Vince Byrd

Well a couple of things, as I think we've mentioned in the script first of all, we're well on our way to achieving the \$80 million and a majority of those have already been achieved during the fiscal year on an annualized basis. There is a gap yet, so we feel very comfortable that we'll be able to get there.

In regard to your second point, yes there has been an increase, I assumed you're talking about green coffee commodities, as you know there's a situation in Columbia which we took a price increase in the fourth quarter to cover those costs.

We've also talked historically that the previous owner was pretty transparent about pricing, when it met certain thresholds up or down, we would adjust prices accordingly. And clearly during the quarter we had a slight benefit from where green coffee sat, but as we look forward and you look at May and June, it took a pretty sharp increase but its now settling down a bit.

So we're still in that zone, what I consider that no pricing is required. Also I think you're aware that we had announced we're doing what we call a price adjustment with trade spend and we're also hoping that we don't have to take any pricing during this period of implementation which occurs at the end of this month.

Eric Katzman - Deutsche Bank

And then just to talk about the core business, I guess I was a little bit surprised given what a lot of other companies in the industry have alluded to as the center of the store being quite strong, your volumes were pretty I guess flat on the core and I'm kind of wondering how much the edible oils and/or the peanut butter hit accounted for that volume being flat. Do you have those numbers?

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