

Sara Lee Corporation  
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# News

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## **SARA LEE CORP. ANNOUNCES SALE OF MAJORITY OF NORTH AMERICAN FOODSERVICE COFFEE OPERATIONS TO THE J.M. SMUCKER COMPANY**

*Transaction Also Establishes Strategic Innovation Partnership between the Two Companies*

DOWNERS GROVE, Ill. (Oct. 24, 2011) – Sara Lee Corp. (NYSE: SLE) today announced the sale of a majority of its North American foodservice coffee and tea operations to The J.M. Smucker Company for \$350 million. The transaction is expected to close near the beginning of calendar year 2012. The two companies will also establish a long-term partnership to collaborate on liquid coffee innovation.

“In recent years, our North American coffee business has been Foodservice-based and largely unbranded, which is a challenge in a highly competitive marketplace,” said Jan Bennink, executive chairman of the board, Sara Lee Corp. “Our decision to sell a major part of this business to Smucker is an example of Sara Lee Coffee and Tea's renewed focus on sustainable, profitable growth and part of our mandate to create the strongest possible pure-play company.”

Bennink added, “Smucker, which owns leading U.S. coffee brand *Folgers*®, and Sara Lee have also entered into a licensing agreement to cooperatively develop liquid coffee technologies to drive long-term growth. We look forward to working with Smucker and to the promising future of our new pure-play coffee and tea company.”

As a result of the licensing and support agreement, Sara Lee will receive a ten-year income stream totaling approximately \$50 million, plus growth-related royalties, which will help cover its research and development and other support expenses.

“This transaction further strengthens our position as a leading North American coffee company,” said Richard Smucker, chief executive officer of The J.M. Smucker Company. “The addition of liquid coffee concentrate to the Smucker portfolio aligns with our desire to compete in all forms of coffee, adding to our roast and ground, single serve, instant, and ready-to-drink platforms. The innovation partnership further allows us to collaborate on new technologies in the liquid coffee category for the foodservice market.”

The North American foodservice beverage business currently employs approximately 690 people. In fiscal 2011, the foodservice beverage business generated net sales of approximately \$530 million, of which approximately \$285 million was associated with the assets sold to The J.M. Smucker Company. Following the execution of the agreement, approximately 450 people will transfer to The J.M. Smucker Company.

The company also announced that *Senseo* coffee in North America will be discontinued as of March 31, 2012, with the exception of select online channels. Sara Lee plans to sell or close the remaining assets of the North American coffee business, and expects to provide an update on the process before the end of calendar year 2011.

#### **About Sara Lee Corporation**

Each and every day, Sara Lee (NYSE: SLE) delights millions of consumers and customers around the world. The company has one of the world’s best-loved and leading portfolios with its innovative and trusted food and beverage brands, including *Ball Park*, *Douwe Egberts*, *Hillshire Farm*, *Jimmy Dean*, *Sara Lee* and *Senseo*. Collectively, our brands generate nearly \$9 billion in annual net sales from continuing operations. Sara Lee has approximately 20,000 employees in its continuing operations worldwide. In January, 2011, Sara Lee Corp. announced that it will divide the company into two pure play publicly-traded companies. One company will be focused around the current International Coffee and Tea business, while the other company will be focused on the North American Retail Meats and North American Foodservice businesses. For more information on this news, and on Sara Lee's brands, please visit [www.saralee.com](http://www.saralee.com).

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