

## **Reconciliation of GAAP and Non-GAAP Financial Measures**

### **First Quarter Ended November 1, 2009**

Campbell Soup Company uses certain non-GAAP financial measures as defined by the Securities and Exchange Commission in certain communications. These non-GAAP financial measures are measures of performance not defined by accounting principles generally accepted in the United States and should be considered in addition to, not in lieu of, GAAP reported measures.

#### **Items Impacting Gross Margin and Net Earnings**

The company believes that financial information excluding certain transactions not considered to be part of the ongoing business improves the comparability of year-to-year results. Consequently, the company believes that investors may be able to better understand its gross margin and earnings results if these transactions are excluded.

The following items impacted gross margin and/or net earnings:

- (1) In the first quarter of 2009, the company recognized in cost of products sold \$26 million (\$16 million after tax or \$0.04 per share) of unrealized losses on the fair value of open commodity futures contracts. The aggregate fiscal 2009 impact from open commodity hedges was not material. In the first quarter of 2010, unrealized gains and losses on commodity hedging were not material.
- (2) In fiscal 2008, the company announced initiatives to improve operational efficiency and long-term profitability, including selling certain salty snack food brands and assets in Australia, closing certain production facilities in Australia and Canada, and streamlining the company's management structure. In the first quarter of fiscal 2009, the company recorded expenses of \$7 million (\$5 million after tax or \$0.01 per share) in cost of products sold related to these initiatives. For the year ended August 2, 2009, the expense recorded in cost of products sold related to these initiatives was \$22 million (\$15 million after tax or \$0.04 per share).
- (3) In the second quarter of fiscal 2009, the company recorded a \$4 million tax benefit (\$0.01 per share) in discontinued operations related to the sale of the Godiva Chocolatier business.
- (4) In the fourth quarter of fiscal 2009, as part of the company's annual review of intangible assets, a non-cash impairment charge of \$67 million (\$47 million after tax or \$0.13 per share) was recorded in Other expenses/(income) related to certain European trademarks, primarily in Germany and the Nordic region, used in the International Soup, Sauces and Beverages segment.

There were no items in fiscal 2010 that impacted comparability.

The tables below reconcile financial information, presented in accordance with GAAP, to financial information excluding certain transactions:

(millions, except per share amounts)

	<b>First Quarter</b>		<b>% Change</b>
	<b>Nov. 1, 2009</b>	<b>Nov. 2, 2008</b>	
<b>Gross margin, as reported</b>	<b>\$ 923</b>	\$ 871	
Add: Unrealized losses on commodity hedges (1)	-	26	
Add: Restructuring related costs (2)	-	7	
<b>Adjusted Gross margin</b>	<b>\$ 923</b>	\$ 904	2%
<b>Adjusted Gross margin percentage</b>	<b>41.9%</b>	40.2%	
<b>Earnings before interest and taxes, as reported</b>	<b>\$ 478</b>	\$ 399	
Add: Unrealized losses on commodity hedges (1)	-	26	
Add: Restructuring related costs (2)	-	7	
<b>Adjusted Earnings before interest and taxes</b>	<b>\$ 478</b>	\$ 432	11%
<b>Interest, net, as reported</b>	<b>\$ 27</b>	\$ 32	
<b>Adjusted Earnings before taxes</b>	<b>\$ 451</b>	\$ 400	
<b>Taxes on earnings, as reported</b>	<b>\$ 147</b>	\$ 107	
Add: Tax benefit from unrealized losses on commodity hedges (1)	-	10	
Add: Tax benefit from restructuring related costs (2)	-	2	
<b>Adjusted Taxes on earnings</b>	<b>\$ 147</b>	\$ 119	
<b>Adjusted effective income tax rate</b>	<b>32.6%</b>	29.8%	
<b>Net earnings, as reported</b>	<b>\$ 304</b>	\$ 260	
Add: Net adjustment from unrealized losses on commodity hedges (1)	-	16	
Add: Net adjustment from restructuring related costs (2)	-	5	
<b>Adjusted Net earnings</b>	<b>\$ 304</b>	\$ 281	8%
<b>Diluted net earnings per share (a)</b>	<b>\$ 0.87</b>	\$ 0.70	
Add: Net adjustment from unrealized losses on commodity hedges (1)	-	0.04	
Add: Net adjustment from restructuring related costs (2)	-	0.01	
<b>Adjusted Diluted net earnings per share *</b>	<b>\$ 0.87</b>	\$ 0.76	14%

(a) In the first quarter of fiscal 2010, the company adopted and retrospectively applied new accounting guidance related to the calculation of earnings per share. The retrospective application of the provision resulted in a reduction of previously reported diluted net earnings per share of \$0.01 for the first quarter of fiscal 2009.

\* The sum of the individual per share amounts does not add due to rounding.

(millions, except per share amounts)

	<u>Year Ended Aug. 2, 2009</u>
<b>Gross margin, as reported</b>	<b>\$ 3,028</b>
Add: Restructuring related costs (2)	22
<b>Adjusted Gross margin</b>	<b>\$ 3,050</b>
<b>Adjusted Gross margin percentage</b>	<b>40.2%</b>
<b>Earnings before interest and taxes, as reported</b>	<b>\$ 1,185</b>
Add: Non-cash impairment charge on intangible assets (4)	67
Add: Restructuring related costs (2)	22
<b>Adjusted Earnings before interest and taxes</b>	<b>\$ 1,274</b>
<b>Interest, net, as reported</b>	<b>\$ 106</b>
<b>Adjusted Earnings before taxes</b>	<b>\$ 1,168</b>
<b>Taxes on earnings, as reported</b>	<b>\$ 347</b>
Add: Tax benefit from non-cash impairment charge on intangible assets (4)	20
Add: Tax benefit from restructuring related costs (2)	7
<b>Adjusted Taxes on earnings</b>	<b>\$ 374</b>
<b>Adjusted effective income tax rate</b>	<b>32.0%</b>
<b>Earnings from continuing operations, as reported</b>	<b>\$ 732</b>
Add: Net non-cash impairment charge on intangible assets (4)	47
Add: Net adjustment from restructuring related costs (2)	15
<b>Adjusted Earnings from continuing operations</b>	<b>\$ 794</b>
<b>Earnings from discontinued operations, as reported</b>	<b>\$ 4</b>
Deduct: Tax benefit from the sale of the Godiva Chocolatier business (3)	(4)
<b>Adjusted Earnings from discontinued operations</b>	<b>\$ -</b>
<b>Adjusted Net earnings</b>	<b>\$ 794</b>
<b>Diluted earnings per share – continuing operations, as reported (a)</b>	<b>\$ 2.03</b>
Add: Net non-cash impairment charge on intangible assets (4)	0.13
Add: Net adjustment from restructuring related costs (2)	0.04
<b>Adjusted Diluted earnings per share – continuing operations *</b>	<b>\$ 2.21</b>
<b>Diluted earnings per share – discontinued operations, as reported (a)</b>	<b>\$ 0.01</b>
Deduct: Tax benefit from the sale of the Godiva Chocolatier business (3)	(0.01)
<b>Adjusted Diluted earnings per share - discontinued operations</b>	<b>\$ -</b>
<b>Adjusted Diluted net earnings per share</b>	<b>\$ 2.21</b>

(a) In the first quarter of fiscal 2010, the company adopted and retrospectively applied new accounting guidance related to the calculation of earnings per share. The retrospective application of the provision resulted in a reduction of previously reported diluted earnings per share from continuing operations and net earnings of \$0.01 for fiscal 2009. There was no change to the previously reported diluted earnings per share from discontinued operations for fiscal 2009.

\* The sum of the individual per share amounts does not add due to rounding.