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PRESENTATION

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CAGNY would like to extend a warm welcome to our next presenter, the Campbell Soup Company. Please join me in thanking Campbell upfront for their generous sponsorship of today's lunch following this session.

In a little more than one year, Campbell has completed three acquisitions, one major divestiture, and two commercial agreements -- more activity in the previous 10 years combined. In addition, the Company looks to build on a successful soup season last year, which was the first one in nearly a decade in which it expanded its soup market share while the category simultaneously grew.

Campbell will leave time for some questions here in the main room, and then management will be around at lunch for more interaction. With that, let me turn it over to Campbell President and CEO, Denise Morrison. Thanks for being here.

Denise Morrison - *Campbell Soup Company - President, CEO*

Thank you, Andrew. Good morning. It's great to see all of you again and to have the chance to give you a further report on our progress at Campbell.

After my remarks our incoming CFO, Anthony DiSilvestro, will provide a financial update. Later I hope you will join us for a delicious lunch inspired by our wonderful Campbell chefs, featuring Campbell brands.

I want to begin by extending my warm wishes to the Consumer Analyst Group of New York as you celebrate your 50th anniversary and 43rd annual conference. Congratulations on your great work in providing an important forum for the entire consumer products industry.

Before I turn to my main subject, I will give you a brief reprise of our second-quarter performance and our expectations for this fiscal year. Last Friday we reported solid results for Q2, reflecting a very encouraging rebound from a disappointing first quarter and demonstrating good year-over-year progress.

Back in November, we told you that we understood the reasons for our first-quarter shortfalls, we called them out to you, and we told you how we planned to address them. Our experience in the second quarter was consistent with those expectations. We had a detailed discussion of our Q2 performance during our conference call on Friday, so this morning I will just recap the highlights.

In Q2, we delivered a 6% increase in reported net sales, 15% growth in adjusted EBIT, and a 19% increase in adjusted EPS from continuing operations, which grew to $0.76 per share. We had strong overall performance in Soup and Simple Meals in Campbell North America. In our U.S. Soup business, sales grew 5% in the second quarter with condensed soups up 4%, ready-to-serve soups flat, and broth on fire with growth of 21%.

In Global Baking and Snacking, sales grew 14%, reflecting our acquisition of the Kelsen Group and growth in Pepperidge Farm. Bolthouse Farms was up 6%, with the CPG side of that business, beverages and dressings, up double digits.

Performance in North America Foodservice continued to improve. And our U.S. Beverages business and our business in Australia remain challenged.

Our Q2 performance has enabled us to reaffirm our full-year guidance that we provided in November. For the fiscal year, we are projecting net sales growth of 4% to 5% from continuing operations, 4% to 6% growth in adjusted EBIT, and growth of 2% to 4% in adjusted EPS, or a range of $2.53 to $2.58 per share.

My central objective this morning is to review our core strategic vision for Campbell and explain why we believe so strongly in it, why we are confident it is the right course for our Company and our shareholders. I will remind you of the key components of our strategic framework.

I will point out some highlights of the progress we have made in implementing it, and I will also outline the work that we have done and are continuing to do to drive productivity and cost savings to fund our growth. Finally, I will mention some of the critical work that still lies ahead of us.

From the very first time I stood before you as Campbell's CEO, now two and a half years ago, I have put forward a clear and consistent vision of our goals for this Company. We have told you many times that we are seeking to create value for our shareholders by driving sustainable, profitable net sales growth.

The reason for our focus on profitable top-line growth is readily apparent. When you look at the operating drivers that contribute to total shareholder returns, you see that Campbell's has strong margins, strong ROIC, and strong cash flow. So our greatest opportunity to create long-term value will be generated from increased profitable growth, period.

Our long-term targets are to grow organic net sales 3% to 4% and EBIT by 4% to 6% every year. We are committed to leveraging that growth to deliver consistent EPS growth of up 5% to 7% over the long term.

These are challenging targets. In the current environment, performance at this level would put us above average in our peer group. I continue to stand by these targets.

Now, we all know that by many measures we are living through tumultuous times in the food business. Few of us would have predicted that the impact of the economic downturn both on retailers and on consumer behavior would be so enormous or so enduring. No one could have foreseen the increased costs and complexities that have been visit upon us by the current regulatory environment or the dislocations flowing from the current acrimonious public dialogue about food.

All of these factors have created headwinds for our industry. But these challenges pale beside the big one. Far and away the largest driver of current complexities in the food business is seismic social change.

Campbell is keenly aware of this change. We are adapting to it, and we are embracing it.

First, our industry is being profoundly affected by changing demographics. Much has been said about the growing importance of millennial and Hispanic consumers in the US and the rapidly evolving expectations of the large population of aging baby boomers.

But as been abundantly documented, we are also seeing profound changes in the definition of the family and in household composition and dynamics. As we all know, families today are increasingly nontraditional, multigenerational, unmarried, single-parent, and multicultural.

55% of American households now consists of adults only, with no children under their roofs. This is a stunning transformation with huge implications for the food business.

Food companies that do not adapt to the rich diversity in the character and needs of today's families will be left behind. That will not happen at Campbell.

Second, we are seeing dynamic growth of packaged fresh food, driven by a broad range of consumers from baby boomers to millennials who have active lifestyles and a keen focus on health and well-being. These priorities are generating significant changes in the design of grocery stores and in consumer purchasing behavior.

Third, needless to say, the explosive expansion of e-commerce, digital technologies, and social media has transformed the way people live. It is also rapidly shifting the way consumers talk about and engage with their favorite food and beverage brands.

Fourth, we are experiencing continued rapid growth in the channels like club, dollar, drug, and online e-tailers, driven by consumers' relentless pursuit of value and convenience. Both of these priorities are clearly here to stay.

Finally, we are witnessing a major global economic realignment, with a shrinking middle class in the US and swelling ranks of new middle-class consumers in developing markets.

These factors are affecting all food companies. In our industry today, the Earth is moving under our feet, and it is not easy today for any company to keep its balance and sense of direction.

But those that understand and embrace change can succeed. At Campbell, we are keeping our balance.

We are adapting resiliently to the monumental shifts that are reshaping the food business. We are committed to building a strong and durable future for our Company and our shareholders. And we have learned that driving growth while embracing change requires persistence, fortitude, and patience.

We know that we can drive growth by maintaining focus on our three core categories: Simple Meals, Snacks, and Healthy Beverages. But today we are thinking bigger and acting bolder as we broaden those category platforms with investments centered in faster-growing segments and expanding into new categories like packaged fresh food and organic baby food.

We are driving progressively broader engagement with consumers who are new to our franchise. We are building new capabilities for engaging with consumers the way they live now.

We are embracing and increasing the availability of our products in growing retail and e-tail channels. And we are expanding our presence in faster-growing geographies.

In many ways, we are a different Company today than we were at the end of fiscal 2011, when I was Campbell's incoming CEO. That year our organic sales were down, and sales in our flagship Soup business were down even more, at minus 6%. We have come far since that time.

I acknowledge that the achievements of our long-term targets from that low base is taking us longer than we initially expected. We know we have more to do. But despite all the headwinds, we are clearly on our way.

So we are staying the course. Our fundamental conviction that we are building the right future for our shareholders in the right way is not fractured by a disappointing quarter, by a short-term adjustment in a timeline, or by the manifold distractions of the present business environment. With the changes we have made to reshape our portfolio and the bold moves we are making and will continue to make, we are confident that we have the ability to realize this growth vision.

In the past two and a half years, we have offered you a clear and consistent picture of our strategic framework for achieving our vision. In brief, the framework identifies three strategies for our business: to profitably grow our North America Soup and Simple Meals; to expand our international presence; and to grow faster in Snacks and Healthy Beverages.

Our strategic framework translates to what I have often referred to as a dual mandate, which directs us both to strengthen our core business and assure its long-term vitality as a consistent, powerful growth engine and, at the same time, to deliver consistent, carefully considered, and successful expansion into higher-growth spaces, achieving over time a shift in our Company's center of gravity.

To fulfill this dual mandate, we must satisfy our core of loyal consumers, and we must also meet the evolving needs of new generations of increasingly diverse consumers. Let's take these mandates one at a time.

Properly conceived and managed, our core business is an extraordinary engine. To strengthen and grow the core, our strategic framework demands from us consistent emphasis on profitability and value creation.

As we have discussed on many occasions in the past, we are responding to these imperatives with optimized marketing spend and improved marketing effectiveness. We are giving relentless attention to disciplined execution across all the drivers of demand. We are putting sustained focus on smart, consumer-driven innovation and brand building.

We now have a cleareyed picture of the roles of each of these businesses in our portfolio. We know what we can expect our core business to deliver, and we know that it is insufficient to drive the growth rates that we have signed up for.

That is why we are holding ourselves to a dual mandate. As we strengthen the core, we must also expand into higher-growth spaces; and that is what we are doing.

Our strategy for expanding in faster-growth spaces rests on four bold moves. These are large and dynamic strategic platforms that we have researched very carefully, platforms where we know Campbell can win. And we believe that in the aggregate they create an opportunity to deliver over $1 billion in incremental net sales growth.

Our first bold move is the expansion of our category platforms through breakthrough innovation. It is clear that we must continue to fuel our innovation pipeline to invigorate the growth in our business, with an emphasis on developing disruptive innovation that will delight consumers.

One example is our new dinner sauce platform, which is enabling consumers to create personalized, home-cooked meals with simple, fresh ingredients in a matter of minutes. Our first execution was Campbell's Skillet Sauces, which targets skillet cooking, a behavior that is particularly popular with younger consumers. We then expanded to a second execution with Campbell's Slow Cooker sauces, based on the insight that 85% of households own a slow cooker, but most know how to only make a few things with it.

Our Skillet and Slow Cooker dinner sauces are steadily building trial and have very good repeat purchase rates. We are encouraged by how this platform is delivering incremental sales.

A third execution, which will launch nationally this summer, is Campbell's Oven Sauces. This terrific new product will enable consumers to prepare easy, modern oven-baked dishes in great-tasting varieties. Like the other products in this platform, our Oven Sauces will come in convenient pouches. They are designed to create delicious meals with 5 minutes of prep time, three ingredients or less, and 35 minutes of bake time.

We are also channeling innovation to build a new premium soup platform. Premium soup, including both shelfstable and fresh soup, is a $750 million retail segment of the soup category that is growing at 12% per year. It is an exciting and highly promising space.

We are expanding our outstanding lineup of premium soups, which now range from Campbell's Slow Kettle and Campbell's Gourmet Bisques and Campbell's Go! soups. With their provocative taste profiles and appealing new packaging, our premium soups have attracted both younger consumers and more affluent consumers to the category and are driving incremental sales.

If you walk down the soup aisle in your favorite grocery store and compare the assortment that you see now with what you saw three years ago, the change is simply remarkable. We will share more details about our plans for premium soups at Campbell's Analyst Day meeting in July.

Our second bold move is expanded availability. This is a growth platform with many facets, all of which are designed to build ubiquity, to ensure that our products are available to consumers where and when they want them.

One example is singleserve beverages for immediate consumption. For most beverage companies, singleserve products for on-the-go consumption account for a very large portion of their sales and profit.

Today, these products account for only a small percent of our sales, both for V8 and Bolthouse Farms beverages. That is going to change.

This year, we successfully transitioned our V8 singleserve products out of the Coke DSD system to a new national network of distributors across the United States, who are energized by the opportunity to drive new V8 distribution. But that is just a start. With the acquisition of Bolthouse Farms, we now have over $1 billion of scale in healthy beverages and an enormous opportunity to build our brands in immediate consumption channels to satisfy consumers on the go.

We will continue to expand the distribution of Bolthouse Farms premium beverages. Consumers will now be able to buy them in places where they haven't seen them before: in convenience stores and drugstores, in schools, and in many other venues where we can now have a larger presence for our healthy beverages.

This leads me to the next bold move. Our third bold move is further expansion into packaged fresh, a $12 billion category. Our move into this fast-growing space is enabled by the combination of our existing expertise and new capabilities that we have gained with our acquisition of Bolthouse, a business with great agility and a robust innovation pipeline.

Next month we will introduce Bolthouse Farms spring innovation suite, with new salad dressings and new fresh smoothies and juices that are packed with nutrition, like Multi-V Goodness Fruit Smoothies and Daily Roots juices made with beets, purple carrots, and sweet potatoes. We believe that our root vegetable juices will be right on target with the health and wellness trends.

We also plan to launch new juicing carrots to tap into the trend of in-home juicing. Bolthouse Farms is making the healthy choice the easy choice, and we will continue to invest in marketing to expand consumer awareness of this wonderful brand. And we will have a lot more ideas for packaged fresh in the pipeline to share with you in July.

Finally, our fourth bold move is expansion into faster-growing markets with a focus on Asia and Latin America. Our recent acquisition of Kelsen Group has meaningfully expand our growth potential in developing markets and the $60 billion sweet biscuit category.

Initially, we focused on driving distribution and consumption in China and Hong Kong, which generate almost 40% of Kelsen's current sales. Over the long term, we will be looking at expanding some of our other key brands in these important markets.

Our Arnott's brand, an icon in Australia and New Zealand, is now growing rapidly in Indonesia, a market with 250 million people. The Arnott's brand has delivered a compound annual growth rate of more than 13% in Indonesia over the last three years and is now a $75 million business in that country.

On all fronts, our strategic framework demands strong management of our cost and margin, determined maintenance of our enviable balance sheet, and smart, ongoing investment in the business. Above all, it demands relentless focus on the consumer.

It requires us to focus on what consumers need and want today. It requires us to focus on where they are headed in the future, and in their expectations and their preferences for food. It requires us to focus on how we must connect and communicate with them.

Why are we confident that this strategic framework is the right course for our Company and our shareholders? Because it honors our heritage but is resolutely focused forward.

It defines a path for our Company that is achievable, worthwhile, predictably rewarding for our shareholders, and exciting for our employees, our customers, and our consumers. It is a course that preserves the best of what we are while delivering positive change.

As I have said many times, you should be under no illusions that this work can or will proceed in a straight line. You know, as we do, that we must constantly balance our short-term needs with our long-term goals.

You know, as we do, that course corrections may be necessary from time to time. You know, as we do, that new information can cause us to rethink and refine some of the moves we have made.

But we know where we are going and how we will get there, and we are clearly on our way to reshaping our Company for a better, more profitable growth trajectory.

So why do we believe this strategy is working? Given my limited time this morning, I will mention just a few highlights of our progress.

In North America, we have stabilized and restored growth to our Soup business. Last year Soup was up 5%, and we are managing our Soup business smarter. We have optimized our advertising spend; we have made extensive improvements to the product quality, with more to come; and we have improved our price-value propositions and our revenue management.

We have built new innovation platforms and capabilities and meaningfully expanded our portfolio into Simple Meals. Through a steady stream of sustaining innovation, we are regularly bringing new-news to our core categories. This year, for example, new pub-inspired Campbell's Chunky soups and Latin-inspired cooking soups are shipping as we speak.

In our Soup and Simple Meals business over the past two years, we have nearly doubled our percent of three-year rolling sales from new items to 9%. For the Company in total, as a whole, we expect three-year rolling sales from new products will generate about 12% of our sales this fiscal year versus just 8% three years ago. Our long-term goal will be in the range of 13% to 15%.

We are taking critical steps to rationalize assortment and to simplify and clarify the architecture of our soup brands for the consumer. A good example in the past year was the introduction of Campbell's Homestyle soups, whose early performance has been quite encouraging.

At the same time, at Pepperidge Farm we have continued to drive the expansion of our remarkable Goldfish franchise. We've restored growth to fresh bakery, and we have reinvigorated growth in cookies.

In our away-from-home business, we are focused on expanding into rapidly growing channels beyond grocery and in parts of grocery beyond the center store. Across our businesses, we have built effective new capabilities for engaging with consumers and digital and social media.

We have also acquired a trio of new growth engines. We have now successfully integrated Bolthouse Farms as a cornerstone of our new packaged fresh platform. Eight months ago, we acquired Plum Organics as a launchpad for exciting opportunities in high-quality, healthy foods for babies, toddlers, and kids. And six months ago we acquired Kelsen Group, which provides a scaled brand platform to build upon in China and in other markets.

In International this past October, we divested our Soup and Simple Meals business in Europe to further focus on our core brands. We have implemented a new business model in Mexico. Through strategic alliances with Grupo Jumex and Conservas La Costena, we have reduced our costs and expanded our growth opportunities through access to new manufacturing and distribution capabilities for Healthy Beverages, Soups, and Simple Meals. We have galvanized growth in biscuits in Indonesia, and we have hired experienced new leadership for our businesses in Australia and in China and Hong Kong.

So, thoughtfully and strategically we are gradually shifting Campbell's center of gravity. Our $8 billion portfolio of brands is far more diversified than it was three years ago: better balanced and better positioned to meet evolving consumer needs, behaviors, and expectations.

Today, our Company has 11 brands with annual sales exceeding $100 million, led by our iconic Campbell's brand.

Make no mistake: Soup remains a large and vital economic engine for our Company. We believe we can continue to grow it, and we know what we can expect from that business. Today, with the reshaping of our portfolio, Soup accounts for one-third of our total annual sales, down from 40% in fiscal 2012.

We have also made very significant progress in managing our costs to help fund our growth. Cost discipline has been and will continue to be a critical driver across our operations.

Since the last quarter of fiscal 2011, we have shut down an underperforming business in Russia; we have closed five plants in an ongoing rationalization of our manufacturing assets for continuing operations. Through wide-ranging and carefully considered reorganizations, we have reduced headcount by more than 2,000.

Measured from our starting point in the fourth quarter of fiscal 2011, we have implemented restructuring programs that will provide ongoing yearly savings of approximately $160 million and reduced our salaried workforce by 10%. Across the Company, our strategy is driving our structure, our staffing, and our support.

As we set up to execute our dual mandate, we set a goal to drive improved business performance with maximum efficiency. We are living that commitment.

Now, I recognize that there are a number of critical things that we still have to accomplish. I will note just a few.

We must execute a new strategy for our shelfstable beverages in the United States. Under new leadership in that business, we have designed a new strategy that is aimed in driving category growth and is rooted in rigorously validated consumer insights. We will share some of the key elements of our new beverages plan at our Analyst Day in July.

Second, we must restore profitable growth in our core business in Australia. This is a work in progress, but we have taken some important steps.

We have dynamic new leadership in Asia-Pacific as well as a lower-cost but more effective one-team structure. We are developing a new business model for that region. And it will take time, so stay tuned.

Next, we must realize the full benefits of the important changes that we have already made: the full benefits of our innovation pipeline and our platforms, our acquisitions, our new channel initiatives, and the foundation we are building in our existing businesses in developing markets. We have exciting plans on all these fronts.

Finally, we must and we will maintain our focus on smart external development.

As I discussed a few minutes ago, the pressures in our industry have lately been acute. In the current complicated environment, virtually every food company is facing headwinds and suffering some disappointments. Many of our peers are finding it difficult to stay the course that they have defined for themselves, and in some cases dramatic changes have not yet delivered expected rewards.

But although we are sailing in the same stormy sea, we are not all in the same boat. At Campbell, we have a strategy for our business that we believe is clearly promising and clearly achievable.

We are clearly advancing our goals. We have clearly articulated what we want to do and how we will get it done.

We have a dedicated, talented, and energized leadership team. We have an engaged and highly committed Board of Directors.

We are singularly unified by our confidence in the soundness of our strategy and in our ability to execute it and successfully achieve it.

Our customers recognize that Campbell's is a vastly different Company today than when we began this turnaround. As a result of our unsparing emphasis on putting the consumer first, our consumers are beginning to understand this as well.

Our shareholders are too smart to believe in miracle formulas. They understand the power of thoughtful, focused change; and that is the track we are on. We are confident that we have the ability to achieve our long-term growth targets and to sustain an attractive and rewarding growth profile for our Company.

So I urge you to keep your eye on the big picture. For Campbell's, that picture is very bright.

Now it is my pleasure to introduce you to Anthony DiSilvestro. Thank you.

Anthony DiSilvestro - *Campbell Soup Company - SVP Finance*

Thanks, Denise, and good morning, everyone. It's a pleasure to be here today representing the Campbell Soup Company.

I would like to first acknowledge the contribution that Craig Owens has made to our Company and for his outstanding mentorship over the last five years. It's been a very rewarding experience for me working with him, and I certainly wish him all the best.

Now I would like to take a few minutes and provide some comments from a financial perspective. Denise reviewed with you our key strategies as well as the dual mandate we are pursuing to improve our financial performance and create shareholder value. I plan to build on her presentation by covering a few topics.

I will review our financial performance over the last couple of years, and then address our priorities for the use of cash and our long-term growth targets. Following my remarks, with Jennifer's assistance, Denise, Craig, and I will take your questions.

Looking back to fiscal 2012, our top-line performance was flat compared to the prior year, with U.S. Soup sales declining. We made significant investments in the business that year to strengthen our core business through brand building and to fund an accelerated innovation process. Reflecting those investments in 2012 as well as our business performance, EBIT and EPS declined.

In fiscal 2013, we made meaningful progress. Sales from continuing operations increased 12%, including the contribution from the Bolthouse Farms acquisition and 2% growth in organic sales.

Importantly, we grew U.S. Soup sales by 5% as we improved our execution, increased the rate of innovation, and benefited from the impact of weather. Benefiting from the acquisition, EBIT increased 6% and EPS gained 7%, as the interest costs to fund the Bolthouse acquisition were in large part offset by a lower tax rate.

Our guidance for fiscal 2014, which we reiterated last week, is to grow sales from continuing operations by 4% to 5%, including the impact of external development, an extra week, and the performance of the base business. Reflecting the impact of cost-savings initiatives, EBIT is forecasted to grow 4% to 6%; and EPS, wrapping the favorable tax rate in the prior year, is estimated to grow by 2% to 4%.

So, how are we doing in fiscal 2014? Following a disappointing first quarter, we reported strong second-quarter results.

Sales increased 6%, benefiting from the acquisitions of Kelsen and Plum Organics. Organic sales gained 3%, with EBIT and EPS up 15% and 19%, respectively. Q2 saw the reversal of some key items negatively impacting Q1: changes in retailer inventory levels and the timing of our marketing investment.

For the first half, we reported sales growth of 2%, with organic sales down 1%. Our EBIT declined 5%, while earnings per share declined 4%. We have some headwinds impacting our first-half performance including the voluntary retail in Plum Organics, negative currency, and challenges in both our U.S. Beverage and Australian businesses.

As implied by our full-year guidance, we are expecting improved performance in the second half. I will comment on the drivers of second-half performance in a moment; but keep in mind that the extra week is worth about 2 points of growth in the full-year guidance.

There are several factors which will contribute to improved performance in the second half. On the top line, we expect to benefit from stronger promotional programs across a number of businesses and the launch of new items, including eight new soup varieties in the US.

We expect increased productivity gains, including the benefits of the recently completed robotics installation at one of our biscuit plants in Australia. We will benefit from actions we have taken to reduce overhead costs, including our first-quarter restructuring program.

We are also lapping higher than targeted incentive compensation levels from last year. Lastly, the fourth quarter has an extra week, which adds about 7 points to sales growth in the fourth quarter and about 2 points to the year.

Managing our cost structure is critical to achieving our growth targets. It provides funding to support our growth initiatives and to improve our bottom-line performance.

Over the last 30 months, we have announced several restructuring programs which will provide ongoing annual savings of about $160 million and reflects an aggregate headcount reduction of more than 2,000. We have generated benefit from five plant closings; overhead reductions in our corporate functions and across the business units; as well as workforce reductions from leveraging technology, such as the Australia project I mentioned earlier. Looking ahead, and together with our ongoing supply chain productivity program, we will continue to look for opportunities to reduce our cost base.

Now I would like to discuss resource allocation priorities and the use of cash. The use of cash discussion starts with our ability to generate a significant and consistent level of cash flow. As you can see on the chart, cash from operations has been stable over the last five years and averages over $1 billion annually.

In addition, and improving as we pay down the debt incurred to fund our recent acquisitions, our balance sheet metrics are strong, providing additional financial flexibility to pursue our strategies, including external development. At the end of fiscal 2013, interest coverage was 12 times and debt-to-EBITDA improved to 2.7 times.

Our priorities for the use of cash remain the following. First, we will make capital investments to maintain and grow our existing business. Second, we target a competitive dividend payout ratio with the expectation that dividends will increase over time with earnings.

Third, as we have done over the recent past, we will fund acquisitions when we are confident those investments are strategically compelling and will create long-term shareholder value. Fourth, to the extent there is excess cash available, we will use share repurchases as a flexible and effective way to return cash to shareholders.

Here is how we deployed our cash flow over the last five years. I will provide an aggregate review of the numbers and then more specifics behind each one.

First, we reinvested about $1.6 billion in capital expenditures, representing a steady CapEx rate of about 4% of sales, which we expect to continue. Second, we have grown our dividend rate over this period, with total dividends of $1.8 billion paid to shareholders.

Third, and primarily in fiscal 2013, we have spent $1.9 billion on acquisitions, including the acquisitions of Bolthouse Farms and Plum Organics. The acquisition of the Kelsen Group is not in these figures, as it closed in our fiscal 2014.

Fourth, and although we temporarily suspended our strategic share repurchase program following the acquisition of Bolthouse Farms, we have repurchased $2.3 billion of stock over the last five years.

That is the overview. Let me provide a few more specifics.

Investing capital in our core business is our top priority. We have many high-return opportunities, especially as we increase the proportion of our spend on capacity-adding and expense-reduction projects.

To support continuing growth, we have three capacity projects underway, including Goldfish crackers, Bolthouse beverages, and Swanson aseptic broth.

Projects to reduce costs are also very attractive. Examples include our initiative to simplify our soupmaking process and leveraging automation technology in Arnott's. For fiscal 2014, we continue to expect capital expenditures to be about $350 million.

As I mentioned, our second priority is to return cash to shareholders through dividends. As you can see on the chart, our dividend rate has about doubled over the last decade.

Our objective is to maintain a competitive payout ratio and to increase the dividend over time consistent with earnings growth. Based on our EPS guidance, the estimated payout ratio for fiscal 2014 is 48% to 49%.

Last fall, our Board approved an 8% increase in the annualized dividend rate to just under $1.25 per share. The increase reflects our strong cash flows, continued confidence in our strategy, and our commitment to building shareholder value.

Over the last year and a half, we have been very active on external development. This is consistent with our strategy of increasing our portfolio exposure to higher-growth categories and geographies.

With the acquisitions of Bolthouse Farms, Plum Organics, and the Kelsen Group we have added over $1 billion of annual sales with expected growth rates well in excess of the Company average. In the US, premium refrigerated beverages, salad dressings, and organic baby food are attractive, growing categories.

The Kelsen acquisition extends our biscuit business and gives us exposure to faster-growing geographies such as China. In Mexico, where we had entered supply and distribution agreements with Jumex and La Costena, this new route to market structure will enhance our growth prospects in that market.

While adding the acquisitions to the portfolio lowered our gross margin percentage due to mix, we have opportunities for margin expansion going forward. In Bolthouse, the faster-growing beverage and salad dressing businesses have a higher gross margin.

With Plum, we expect to gain margin as we increase scale and distribution and in manufacturing. In Kelsen, the faster-growing Asian business is also the highest margin.

The other significant change in our portfolio has been the recent sale of our European Simple Meals business. While these were good brands in their respective markets, we believe they had less potential as we considered our investment opportunities.

18 months ago, one week into our fiscal 2013, we completed the acquisition of Bolthouse Farms, the largest in the Company's history. Bolthouse Farms primarily competes in the super-premium beverage category, refrigerated salad dressings, and fresh carrots. As shown on the chart, Bolthouse Farms holds the number 1 share position in super-premium beverages, with a market share just under 35% in a category that has experienced significant growth.

These are the market shares for multi-outlet channels tracked by IRI and exclude the immediate consumption channel. With very low penetration today in immediate consumption, this channel represents a significant growth opportunity for our business.

Bolthouse Farms also competes in the refrigerated salad dressings category and has achieved significant consumption and share growth. We also compete in fresh carrots, a lower growth but stable and profitable business that gives us scale and strong relationships with produce buyers.

Importantly, Bolthouse Farms provides us a platform in the large and growing packaged fresh category, offering a set of benefits valued by consumers and a brand which we believe can be expanded within this space. In aggregate, we expect Bolthouse Farms to be accretive to our overall growth going forward.

Financially, we are pleased with the performance of Bolthouse. As you can see, the business generated $756 million in sales and $63 million of EBIT in fiscal 2013.

Following a strong second quarter in which sales grew 6% and earnings grew double digits, the business has generated $392 million in sales and $32 million of EBIT in the first half of fiscal 2014.

In summary, we have made important changes to our business over the past two years. And looking forward, we believe we are better positioned to deliver growth over the long term.

Our dual mandate states our objective well: we are focused on driving sustainable, profitable growth in the core business through disciplined execution and a focus on all the drivers of demand. On this front, we must improve our performance in U.S. Beverages and in Australia.

We are making progress with shaping the portfolio for accelerated growth potential by expanding into higher-growth spaces. And with strong cash flows, we are able to invest capital in the base business, pay a competitive dividend, and consider external development opportunities and share repurchases.

Our long-term targets, as shown, have not changed. Although it has taken us longer to achieve these goals then we expected, we believe that success against this dual mandate will improve our financial performance and enable us to return to our long-term targets in a sustainable way.

As usual, let me remind you that Denise and I made forward-looking statements and used certain non-GAAP measures. We acknowledge that forward-looking statements are subject to risks and uncertainties. I won't read the slide; a more complete list of risks is in our 10-K.

Because of the adjustments we made to the financials we showed you today, we want to remind you that we are posting online the GAAP reconciliations, which are also in the back of our handouts for those in the room.

That completes our formal remarks. Thank you for your attention this morning.

Now, until the hour is up and our luncheon is set to begin outside, we will conduct a question-and-answer session. Jennifer, could you please queue up the first question?

QUESTIONS AND ANSWERS

Jennifer Driscoll - *Campbell Soup Company - IR*

Thank you. Appreciate your attention today. Such a fine audience. Alexia, I see you have a question. Alexia Howard from Sanford Bernstein.

Alexia Howard - *Sanford C. Bernstein & Co. - Analyst*

Thank you very much. Just a quick starter question and then a broader one. The distribution opportunity, now that you are free of the Coca-Cola system in healthy beverages, are you able to quantify how much more distribution is available? What multiple is it of the existing distribution?

And then a broader question. You have had a CMO in place since late 2012. Frankly, I think we were a bit worried that there was a pullback in marketing spending a couple of years ago.

What are the key learnings that you have come across over the last couple of years? And where do you intend to go with marketing from here? Thank you.

Denise Morrison - *Campbell Soup Company - President, CEO*

Okay. I will start first with the immediate consumption. In the agreement that we had, it was for only a few items of V8 through the Coke DSD system. So we have the opportunity with the new network of distributors to increase our breadth of line, starting with convenience stores, which there are several hundred thousand of them.

So it is not only expanding the points of distribution, it is also expanding the assortment within those points of distribution. And we also have the opportunity with Bolthouse Farms now to show up at the end-user customer with a line of healthy beverages that span all the way from a value offering with V8 Splash through the super-premium fresh offering with Bolthouse Farms, which makes us pretty formidable in that space.

So we think that it's a really bold move for us, but a great and real opportunity to seize. One of the things in many of the other categories that I have worked in, almost 40% to 50% of their business has been in immediate consumption, and it is very, very profitable.

On the subject of the Chief Marketing Officer, yes, we added Mike Senackerib to our leadership team. We have literally gone through and retrained every marketer in marketing excellence based on what today's marketing landscape looks like.

I like to talk about the fact that it's not just TV; it's marketing for every screen size and making sure messages are consistent and surrounding the consumer with the media that they want to consume. It is much of a different profile.

I believe we have made important steps to optimize the marketing spend, to get rid of the spend that was not giving us the ROIs that we desire, and also to venture into more spending in social media over time. So we are pretty pleased with our progress. More work to do, though.

Jennifer Driscoll - *Campbell Soup Company - IR*

Andrew Lazar, Barclays.

Andrew Lazar - *Barclays Capital - Analyst*

Denise, we have heard over the last day and a half, perhaps not surprisingly, a lot about incremental productivity programs and zero-based budgeting and the like. You and I have talked a little bit about this before, but there's a lot of challenges, of course, in trying to balance the appropriate amount of productivity with running your business day to day and keeping the metrics that matter around top line and such.

So I was hoping you could just lay out maybe what a couple of those key challenges are in setting that right balance, that we might not all appreciate on the outside, that you have to manage.

Denise Morrison - *Campbell Soup Company - President, CEO*

I think that it's really important to keep in mind that managing cost and margin shouldn't be an event; it should be a way of life. At Campbell's, what we are holding ourselves accountable for in our strategic framework is building our business while we also manage costs and margin, with the purpose of funding our growth.

That said, I think the start is to make sure that we are set up to deliver the strategy. And then we literally have gone through our entire portfolio, assigned portfolio roles, have a very disciplined way of spending based on the role that those products play in the portfolio. We keep an eye on competitive spending to make sure we are competitive in the marketplace.

And we make some mistakes. We made a mistake, for example, this year on condensed eating soup. We pulled back a little bit too much on that one.

So we will course-correct and move on from there, but we do believe that we have a discipline at Campbell's that can achieve both improved business performance and reduce our cost and margins and build our margins.

Jennifer Driscoll - *Campbell Soup Company - IR*

The next question comes from Eric Katzman, Deutsche Bank.

Eric Katzman - *Deutsche Bank - Analyst*

Thank you. After 17 or so CAGNYs for me, I think I have heard Campbell Soup talk about premium soup probably, I don't know, 10 different launches. Every single one has failed: Joseph Campbell's V8, etc.

So why is this move going to be successful? And where will this be distributed? Is this a product that you can finally get into like a Whole Foods? Or is it again going to go to the mass channel, hoping that the consumer trades up?

Denise Morrison - *Campbell Soup Company - President, CEO*

I think that premium soup is a relatively new segment of the category, born in the last several years. It has got not only a shelfstable component in multiple-pack types, but also it's inclusive of organic soups and fresh soups in the perimeter.

Campbell's is present in both the shelfstable soups and in the fresh soups in the perimeter. And through a license with Wolfgang Puck we have a line of organic soups.

It is still small relative to the mainstream, but it is growing faster. And we do think that the way we have studied younger consumers, it's important to have offerings outside of the can; it's important to have offerings with much more interesting restaurant-style taste profiles; and it's really important to start to deliver on the fresh component.

We have a several -- well, about a $150 million fresh soup business right now, and we haven't really pushed the branded aspect of that. It has been largely the StockPot business in some channels and retailer label businesses in grocery.

So we believe we have an opportunity to continue to push in this space. And we also believe that our acquisition of Bolthouse Farms gives us a nice platform for pursuing fresh offerings.

Jennifer Driscoll - *Campbell Soup Company - IR*

Next question comes from David Driscoll from Citi.

David Driscoll - *Citigroup - Analyst*

Thank you. Wanted to ask a little bit about the two acquisitions, Plum and Bolthouse, and specifically the margin potential. I don't think you showed it in your slides, but I don't think Plum is currently making any appreciable amount of money. It was more about the growth opportunity that that brand entailed, was the purpose for the acquisition.

Bolthouse Farms, of course, a much larger business, but still with margins that are much below the Company's average. So can you talk about the potential that you see for margins for those two acquisitions and I think critical thrust for the Company over the course of time? You choose the time frame, but tell me where we can go on those margins.

Denise Morrison - *Campbell Soup Company - President, CEO*

Why don't you take it?

Anthony DiSilvestro - *Campbell Soup Company - SVP Finance*

Yes, sure. Let me start with Plum. Plum, if I exclude the impact of the recall for the moment, the business is about breakeven, but obviously significant top-line growth opportunities. Our feeling is that when we expand distribution -- when we bought the business they were about a 36% ACV. So when we build out the business in terms of distribution, and also when we build out the business in terms of manufacturing and look at the opportunities to insource some of that production, we think there are tremendous opportunities to get the gross margin up closer to the Company average.

Probably not all the way there, but pretty close. So again, I think there's huge opportunities in terms of margin expansion.

In Bolthouse Farms, Bolthouse Farms has a pretty good margin today. If you look at the CPG businesses, both beverages and salad dressings, those gross margins are higher than the Bolthouse average, because carrots brings it down a little bit. So our feeling is, as we grow that business over time, there will be a natural mix benefit to the margin within Bolthouse.

Jennifer Driscoll - *Campbell Soup Company - IR*

I think, Rob, you had your hand up early. Rob Moskow from Credit Suisse.

Rob Moskow - *Credit Suisse - Analyst*

Thank you. I noticed in the presentation today there was no mention of stabilizing soup. And I wanted to know: is it your view that soup is stabilized? I think that was the comment last year.

There has been some hiccups in the first half of this year; the year is not over. Wanted to know your comment on that.

THOMSON REUTERS

Denise Morrison - *Campbell Soup Company - President, CEO*

Yes, we are meeting beyond stabilized to profitably growing. And the back half of this year we need to see better lifts in the consumption of soup, and we have seen it turn positive effective with the last MULO report ending February 2, so we are encouraged by that.

But no, we are now into the profitable growth stage.

Jennifer Driscoll - *Campbell Soup Company - IR*

Next question comes from Chris Growe, here in front, from Stifel Nicholas.

Chris Growe - *Stifel Nicolaus - Analyst*

Thank you. A question for you regarding new products and particularly in Simple Meals. You indicated today that new products were around 12% of your sales; now that's target maybe for this year, and you want that to grow further.

I don't recall the exact numbers, but I felt like there has been a pretty low or small contribution from new products in Simple Meals. Maybe it has just been soup. But I was curious if you could speak to that benefit in Simple Meals overall, the sauces, the new soups, and how they are contributing to your growth.

Denise Morrison - *Campbell Soup Company - President, CEO*

It is 12% on a rolling three, Chris. But one of the things that you are zeroing in on, and understandably, is the new and more disruptive innovation. We have had a tremendous boost from sustaining innovation as well.

For example, building out the pub-inspired Chunky soup has been incredibly successful. A number of those varieties are now in the top of all canned soups sold.

Our new Homestyle soup is delivering very nicely for us, effective in the second quarter when we reached our distribution goal, and we are starting to track that velocity. Goldfish Puffs, some of the new swirl breads in the bakery business, these are bringing news to the core of our business, which is creating a lot of value for us.

Andrew Lazar - *Barclays Capital - Analyst*

Why don't we take one last question here and then head out to lunch?

Jennifer Driscoll - *Campbell Soup Company - IR*

Okay. I have been focusing on the front few rows. I will get you, Ken Goldman, JPMorgan.

Ken Goldman - *JPMorgan - Analyst*

Hi, thank you, Jennifer. A lot of companies up on stage the last couple days, including you, have talked about the desire to appeal more toward millennials and Hispanics and a couple other groups. I think it is fair to say that we have not seen a lot of people on stage necessarily representing those groups.

So how do we get confidence that companies over the next two, three years, as they try to appeal more to specific demographics -- and I guess I am asking specifically for Campbell -- have the human infrastructure, if you will, in place to make this happen?

Clearly you've had some success with the Go! soup line. But one of the things I think that didn't go right was you were advertising it in a way that -- or putting too much on the label that didn't necessarily appeal to the right people.

I am just curious how to think about the people you have and whether that is appropriate at this point for what you are trying to do. Hopefully that was diplomatic enough.

Denise Morrison - *Campbell Soup Company - President, CEO*

I would say it started with us putting consumer first: right smack in the middle of our leadership model, and declaring that the consumer is our boss and we all work for the consumer. With that, I can tell you how we approached it.

We really set our whole consumer insights group on a mission to go to school on millennials: how they shop, how they eat, how they feel about food, what kinds of food, what kinds of packaging they like. And what we observed was on our base core business -- for example, in Simple Meals, we index about 85% with millennials, which isn't zero, but it is not 100 either.

So we recognized that as a really big opportunity to listen to what they had to say and then start to deliver better taste profiles and different kinds of offerings for them. And yet, that is why we are holding ourselves to a dual mandate, because we have a very large baby boomer population, many of which are satisfied with the food that we offer today.

So it is a challenge. And I would say that what we have is we have separate teams that are working on our core base business, and predominantly the innovation pipeline is being built for the next generation of consumers. Of course, our acquisitions have added the richness of their insights, getting us into faster-growing spaces with younger consumers. Thank you.

Andrew Lazar - *Barclays Capital - Analyst*

Okay. Why don't we cut it off there? Soup's on. Please join me in thanking Campbell for being here today and sponsoring lunch.
