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CAMPBELL REPORTS SECOND-QUARTER RESULTS

- Sales Decreased 2 Percent, Organic Sales Comparable to Prior Year
- Adjusted Earnings Before Interest and Taxes (EBIT) Decreased 17 Percent
- Adjusted EPS from Continuing Operations Decreased 13 Percent to \$0.66

CAMDEN, N.J., Feb. 25, 2015—Campbell Soup Company (NYSE:CPB) today reported its results for the second quarter of fiscal 2015.

Continuing Operations (\$ in millions, except per share)	<u>Three Months Ended</u>			<u>Six Months Ended</u>		
	<u>Feb. 1, 2015</u>	<u>Jan. 26, 2014</u>	<u>% Change</u>	<u>Feb. 1, 2015</u>	<u>Jan. 26, 2014</u>	<u>% Change</u>
Net Sales						
As Reported (GAAP)	\$2,234	\$2,281	(2)%	\$4,489	\$4,446	1%
Organic			- %			2%
Earnings Before Interest and Taxes						
As Reported (GAAP)	\$312	\$361	(14)%	\$680	\$666	2%
Adjusted	\$312	\$374	(17)%	\$680	\$711	(4)%
Diluted Earnings Per Share						
As Reported (GAAP)	\$0.66	\$0.74	(11)%	\$1.40	\$1.32	6%
Adjusted	\$0.66	\$0.76	(13)%	\$1.40	\$1.42	(1)%

Note: A detailed reconciliation of the reported financial information to the adjusted financial information is included at the end of this news release.

Campbell's President and Chief Executive Officer Denise Morrison said, "Our second-quarter organic sales were comparable to the year-ago period. Adjusted EBIT declined by double digits, reflecting disappointing gross margin performance in the quarter, and was below our expectations. Looking at the first half, we were encouraged by our 2 percent organic sales growth in a difficult

operating environment. For the half, four of our five reporting segments achieved organic sales growth.

“Although we have robust plans in the second half to mitigate our gross margin issues, we don’t expect to offset the impact of the margin pressures that we experienced in the first half. Given our second-quarter performance and outlook for the remainder of the year, we lowered our full-year guidance on Feb. 12.

“Over the last three years, we’ve made solid progress advancing our dual mandate to strengthen the core business and at the same time expand into faster growing spaces; however, it has not been enough in this more challenged environment. After several months of careful study, we’ve announced a significant reorganization of our company creating three new divisions, each with clear portfolio roles. This new enterprise structure will enable us to allocate more resources to the areas that present the greatest growth opportunities and fund our growth with significant cost savings. We expect to generate annual cost savings of at least \$200 million over a three-year period using a zero-based budgeting approach. We don’t anticipate significant savings from these efforts in the current fiscal year, but are confident that the important steps we are taking will unlock potential value over time.”

Second-Quarter Results from Continuing Operations

Sales decreased 2 percent to \$2.234 billion, due to the negative impact of currency translation. Organic sales were comparable to the prior year with favorable volume and mix and higher selling prices, offset by increased promotional spending.

Gross margin declined 3.1 percentage points to 32.6 percent. The decrease in gross margin was due to cost inflation, higher supply chain costs and higher promotional spending, partly offset by productivity improvements.

Marketing and selling expenses decreased 10 percent to \$242 million, primarily driven by lower advertising and consumer promotion expenses. Administrative expenses decreased 1 percent to \$140 million.

Adjusted EBIT decreased 17 percent to \$312 million, reflecting a lower gross margin percentage and the unfavorable impact of currency translation, partly offset by lower marketing expenses.

Net interest expense decreased \$4 million to \$25 million, reflecting lower levels of debt. The tax rate decreased 3.4 percentage points to 27.9 percent. Excluding items impacting comparability in the prior year, the adjusted tax rate decreased 3.1 percentage points. The decrease was primarily due to the favorable resolution of an intercompany pricing agreement between the U.S. and Canada.

First-Half Results from Continuing Operations

Sales increased 1 percent to \$4.489 billion, due to volume gains, partly offset by increased promotional spending and the negative impact of currency translation. Organic sales increased 2 percent with gains in four of the company's five reportable segments.

Adjusted EBIT decreased 4 percent to \$680 million, reflecting a lower gross margin percentage and the unfavorable impact of currency translation, partly offset by volume gains and lower marketing and administrative expenses.

Net interest expense decreased \$9 million to \$50 million, reflecting lower levels of debt. The tax rate decreased 2.8 percentage points to 30 percent. Excluding items impacting comparability in the prior year, the adjusted tax rate decreased 1.6 percentage points.

Fiscal 2015 Guidance for Continuing Operations

As previously announced, including an estimated 2-point negative impact from currency translation, Campbell expects a year-over-year change of -1 to +1 percent in sales; -7 to -5 percent in adjusted EBIT; and -5 to -3 percent in adjusted EPS, or \$2.32 to \$2.38 per share. This guidance is based on an adjusted 52-week 2014 base.

"This guidance assumes that pressure from input cost inflation and supply chain costs, although moderating, will continue through the back half of fiscal 2015 along with the currency headwinds," said Anthony DiSilvestro, Senior Vice President and Chief Financial Officer.

Segment Operating Review

An analysis of net sales and operating earnings by reportable segment follows:

Three Months Ended Feb. 1, 2015

(\$ in millions)

	U.S. Simple Meals	Global Baking and Snacking	International Simple Meals and Beverages	U.S. Beverages	Bolthouse and Foodservice	Total
Net Sales, as Reported	\$867	\$640	\$194	\$169	\$364	\$2,234
Volume and Mix	(2%)	4%	-%	(2%)	2%	1%
Price and Sales Allowances	-%	2%	-%	1%	-%	1%
Promotional Spending	(1%)	(2%)	(2%)	(3%)	-%	(2%)
Organic Net Sales	(3%)	4%	(2%)	(4%)	2%	-%
Currency	-%	(3%)	(7%)	-%	(1%)	(2%)
% Change vs. Prior Year	(3%)	-%*	(9%)	(4%)	1%	(2%)
Segment Operating Earnings	\$170	\$107	\$26	\$20	\$26	
% Change vs. Prior Year	(21%)	22%	(32%)	(35%)	(28%)	

* Numbers do not add due to rounding

Note: A detailed reconciliation of the reported net sales to organic net sales is included at the end of this news release.

Six Months Ended Feb. 1, 2015

(\$ in millions)

	U.S. Simple Meals	Global Baking and Snacking	International Simple Meals and Beverages	U.S. Beverages	Bolthouse and Foodservice	Total
Net Sales, as Reported	\$1,795	\$1,267	\$383	\$337	\$707	\$4,489
Volume and Mix	2%	5%	2%	(2%)	3%	3%
Price and Sales Allowances	-%	1%	-%	1%	-%	-%
Promotional Spending	-%	(3%)	(1%)	(2%)	-%	(1%)
Organic Net Sales	2%	3%	1%	(3%)	3%	2%
Currency	-%	(2%)	(6%)	-%	-%	(1%)
Net Accounting	-%	-%	(1%)	-%	-%	-%
Acquisitions	-%	1%	-%	-%	-%	-%
% Change vs. Prior Year	2%	2%	(6%)	(3%)	3%	1%
Segment Operating Earnings	\$412	\$197	\$42	\$46	\$48	
% Change vs. Prior Year	(3%)	19%	(28%)	(16%)	(26%)	

Note: A detailed reconciliation of the reported net sales to organic net sales is included at the end of this news release.

U.S. Simple Meals

Sales decreased 3 percent in the quarter to \$867 million. Following a strong first quarter, U.S. soup sales decreased 6 percent, primarily due to movements in retailer inventory levels, including the earlier holiday shipments that benefited the prior quarter. Sales decreased 11 percent in

Campbell's condensed soups and 4 percent in broth, while sales of ready-to-serve soups were comparable to the prior year. U.S. soup sales in the first half were comparable to the prior year. Sales of other simple meals rose 6 percent in the quarter, driven by growth in Plum, *Prego* pasta sauces and *Campbell's* dinner sauces.

Segment operating earnings decreased 21 percent in the quarter to \$170 million. Lower operating earnings reflected cost inflation and higher supply chain costs, as well as sales declines, partly offset by productivity improvements and lower marketing expenses. For the first half, operating earnings decreased 3 percent.

Global Baking and Snacking

Sales of \$640 million in the quarter were comparable to the prior year. Sales of Pepperidge Farm products increased as volume gains were partly offset by higher promotional spending. Within Pepperidge Farm, sales gains in crackers, fresh bakery products and cookies were partly offset by sales declines in frozen products and stuffing. Arnott's sales increased as volume gains in Indonesia and Australia, along with higher selling prices, were partly offset by the negative impact of currency translation and higher promotional spending. Kelsen sales decreased primarily due to the timing of the quarter in relation to the Chinese New Year.

Segment operating earnings increased 22 percent to \$107 million. Higher operating earnings reflected organic sales growth, lower marketing expenses and productivity improvements, partly offset by cost inflation and the negative impact of currency translation.

International Simple Meals and Beverages

Sales declined 9 percent in the quarter to \$194 million. Excluding the 7-point negative impact of currency translation, sales declined in Latin America and the Asia Pacific region while sales in Canada were comparable to the prior year.

Segment operating earnings decreased 32 percent to \$26 million, primarily due to cost inflation, the adverse impact of currency movements on input costs and the negative impact of currency translation.

U.S. Beverages

Sales decreased 4 percent in the quarter to \$169 million. Declines in *V8 V-Fusion* beverages were partly offset by gains in *V8 Splash* beverages.

Segment operating earnings decreased 35 percent to \$20 million, primarily due to increased promotional spending, cost inflation and higher supply chain costs.

Bolthouse and Foodservice

Sales increased 1 percent in the quarter to \$364 million, reflecting growth in *Bolthouse Farms* premium refrigerated beverages and salad dressings and North America Foodservice, partly offset by declines in *Bolthouse Farms* carrots.

Segment operating earnings declined 28 percent to \$26 million, reflecting a lower gross margin percentage, including the adverse weather impact on carrot costs, and higher administrative expenses.

Unallocated Corporate Expenses

Unallocated corporate expenses for the quarter were \$37 million compared with \$33 million a year ago.

Cash Flow from Operations

First-half cash flow from operations was \$584 million compared to \$363 million a year ago, primarily due to taxes paid in 2014 on the divestiture of the European simple meals business, and lower working capital requirements and pension contributions in 2015.

Non-GAAP Financial Information

A detailed reconciliation of the reported financial information to the adjusted financial information is included at the end of this news release.

Conference Call

Campbell will host a conference call to discuss these results today at 8:30 a.m. Eastern Standard Time. To join, dial +1 (703) 639-1316. The conference ID is 1650012. Access to a live webcast of the call with accompanying slides, as well as a replay of the call, is available at

investor.campbellsoupcompany.com. A recording of the call will also be available until midnight on Mar. 11, 2015, at +1 (703) 925-2533. The access code for the replay is 1650012.

About Campbell Soup Company

Campbell (NYSE:CPB) is driven and inspired by our Purpose, “Real food that matters for life’s moments.” The company makes a range of products from high-quality soups and simple meals to snacks and healthy beverages. For generations, people have trusted Campbell to provide authentic, flavorful and readily available foods and beverages that connect them to each other, to warm memories, and to what’s important today. Led by its iconic *Campbell’s* brand, the company’s portfolio includes *Pepperidge Farm*, *Goldfish*, *Bolthouse Farms*, *V8*, *Swanson*, *Prego*, *Pace*, *Plum Organics*, *Arnott’s*, *Tim Tam*, *Royal Dansk* and *Kjeldsens*. Founded in 1869, Campbell has a heritage of giving back and acting as a good steward of the planet’s natural resources. The company is a member of the Standard & Poor’s 500 and the Dow Jones Sustainability Indexes. For more information, visit www.campbellsoupcompany.com or follow company news on Twitter via [@CampbellSoupCo](https://twitter.com/CampbellSoupCo).

Forward-Looking Statements

This release contains “forward-looking statements” that reflect the company’s current expectations about the impact of its future plans and performance on the company’s business or financial results. These forward-looking statements, including the statements made regarding sales, EBIT and EPS guidance for fiscal 2015, rely on a number of assumptions and estimates that could be inaccurate and which are subject to risks and uncertainties. The factors that could cause the company’s actual results to vary materially from those anticipated or expressed in any forward-looking statement include (1) the company’s ability to manage organizational change effectively; (2) the company’s ability to realize projected cost savings and benefits from its efficiency programs; (3) the impact of strong competitive responses to the company’s efforts to leverage its brand power in the market; (4) the impact of changes in consumer demand for the company’s products; (5) the risks associated with trade and consumer acceptance of the company’s initiatives, including its trade and promotional programs; (6) the practices, including changes to inventory practices, and increased significance of certain of the company’s key trade customers; (7) the impact of fluctuations in the supply or costs of energy and raw and packaging materials; (8) the impact of portfolio changes; (9) the uncertainties of litigation; (10) the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions and other external factors; (11) the impact of unforeseen business disruptions in one or more of the company’s markets due to political instability, civil disobedience, armed hostilities, natural disasters or other calamities; and (12) other factors described in the company’s most recent Form 10-K and subsequent Securities and Exchange Commission filings. The company disclaims any obligation or intent to update the forward-looking statements in order to reflect events or circumstances after the date of this release.