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CAMPBELL REPORTS SECOND QUARTER RESULTS

Net Earnings Per Share Increased 16 Percent

CAMDEN, N.J., Feb. 22, 2010—Campbell Soup Company (NYSE: CPB) today reported its fiscal 2010 second-quarter results.

<u>Second-Quarter Summary</u>

- **Improved Earnings Performance in Baking and Snacking and International Soup, Sauces and Beverages Segments**
- **Continued Gross Margin Improvement Driven by Increased Productivity**
- **Sales Increased 1 Percent to $2.153 Billion; U.S. Soup Sales Decreased 8 Percent**

Net earnings for the quarter ended Jan. 31, 2010 were $259 million compared with $233 million in the prior year, an increase of 11 percent. Net earnings per share were $0.74 in the current quarter compared with $0.64 in the prior period, an increase of 16 percent.

Douglas R. Conant, Campbell's President and CEO, said, "In the quarter, we delivered good earnings growth driven mainly by overall strong cost management, productivity gains and favorable currency. In particular, our Baking and Snacking and International Soup, Sauces and Beverages segments improved their earnings performance.

"In U.S. Soup, Sauces and Beverages, earnings declined due to lower sales, particularly in ready-to-serve soup. Our condensed soup business, especially cooking varieties, and our broth business both delivered solid performance and remained well positioned in this economic environment. In the ready-to-serve business, our lower promotional spending and intense competitive activity in the broader simple meals category impacted our results. We have plans in place to drive improved performance in ready-to-serve soup in the second half."

Conant concluded, "Looking ahead, we remain on track to deliver good bottom-line growth for the year supported by continued cost management and productivity gains. Based on our results through the first half and our plans for the remainder of the year, last week we reiterated our full-year guidance for adjusted net earnings per share growth and adjusted earnings growth before interest and taxes, despite more modest assumptions for sales growth."

Fiscal 2010 Guidance

As announced last week, Campbell maintained its full-year guidance for adjusted earnings growth before interest and taxes (EBIT) of 6 to 7 percent and adjusted net earnings per share growth (EPS) of 9 to 11 percent from the fiscal 2009 adjusted base of $2.21. The company revised its fiscal 2010 guidance for sales growth to 2.5 to 3.5 percent from the prior range of 4 to 5 percent.

This guidance includes the anticipated impact of currency translation. At quarter-end rates of exchange, the full-year impact of currency would be favorable by 3 to 4 percentage points.

Items impacting comparability and a detailed reconciliation of the adjusted fiscal 2009 financial information to the reported information are included at the end of this news release.

Second-Quarter Results

For the second quarter, sales increased 1 percent to $2.153 billion. The increase in sales reflected the following factors:

- Volume and mix subtracted 2 percent
- Price and sales allowances added 1 percent
- Increased promotional spending subtracted 2 percent
- Currency added 4 percent

Second-Quarter Financial Details

- Gross margin was 40.5 percent compared with 39.4 percent a year ago. The prior year included $8 million of costs related to initiatives to improve operational efficiency and long-term profitability. After adjusting for this item, the gross margin percentage for the prior-year quarter was 39.8 percent. The increase in gross margin percentage was primarily due to productivity improvements, partly offset by promotional spending net of pricing, and cost inflation.

- Marketing and selling expenses decreased to $301 million compared with $315 million in the prior year, primarily due to lower advertising and other marketing costs, partly offset by the impact of currency. Lower advertising costs reflected a reduction in media rates and a shift of resources to trade promotions in many businesses compared with a year ago.
- Administrative expenses were $149 million versus $138 million, reflecting higher benefit costs, including pension expense, and currency, partially offset by the favorable impact of cost-reduction efforts.
- EBIT was $391 million compared with $355 million in the prior-year quarter. Excluding items impacting comparability, adjusted EBIT in the prior-year quarter was $363 million. Adjusted EBIT increased 8 percent primarily due to lower marketing expenses, the impact of currency and an improved gross margin performance, partly offset by lower sales volume.
- During the quarter, Campbell repurchased 4 million shares for $119 million under its strategic share repurchase program announced in June 2008 and the company's ongoing practice of buying back shares sufficient to offset those issued under incentive compensation plans.

First-Half Results

Net earnings for the first half were $563 million, or $1.61 per share, compared with $493 million, or $1.34 per share, in the year-ago period. Excluding items impacting comparability in the prior period, adjusted net earnings per share increased by 14 percent.

For the first half of fiscal 2010, sales were $4.356 billion, comparable to the year-ago period. Sales for the period reflected the following factors:

- Volume and mix subtracted 3 percent
- Price and sales allowances added 2 percent
- Increased promotional spending subtracted 2 percent
- Currency added 3 percent

First-Half Financial Details

- Gross margin was 41.2 percent compared with 39.1 percent a year ago. The prior year included $15 million of costs related to initiatives to improve operational efficiency and long-term profitability and $26 million of unrealized losses on commodity hedges. After adjusting for these items, gross margin percentage for the prior year was 40.0 percent. The increase in gross margin percentage was primarily due to productivity improvements in excess of cost inflation.
- Marketing and selling expenses decreased $37 million to $585 million, primarily due to lower marketing expenses, partly offset by the impact of currency.
- Administrative expenses were $282 million versus $278 million, reflecting higher benefit costs, including pension expense, and currency, mostly offset by the favorable impact of cost-reduction efforts.
- EBIT was $869 million compared with $754 million in the prior year. Excluding items impacting comparability, adjusted EBIT in the prior-year was $795 million. Adjusted EBIT increased 9 percent primarily due to improved gross margin performance, lower marketing expense and the impact of currency, partly offset by lower sales volumes.
- Cash flow from operations was $496 million compared with $418 million in the year-ago period. The current-year cash flow reflected

improvements in working capital and higher earnings, partly offset by a $260 million contribution to Campbell's U.S. pension plan.

- Year-to-date, Campbell repurchased 7 million shares for $213 million.

Summary of Fiscal 2010 Second-Quarter and First-Half Results by Segment

U.S. Soup, Sauces and Beverages

Sales for U.S. Soup, Sauces and Beverages were $1.068 billion for the second quarter, a decrease of 5 percent compared to a year ago. The change in sales reflected the following factors:

- Volume and mix subtracted 4 percent
- Price and sales allowances added 1 percent
- Increased promotional spending subtracted 2 percent

U.S. soup sales for the quarter decreased 8 percent.

- Sales of "Campbell's" condensed soups were flat, as gains in cooking varieties, benefiting from consumers using "Campbell's" condensed cooking soups to prepare more meals at home, were offset by declines in eating varieties.
- Sales of ready-to-serve soups decreased 18 percent. Sales of both canned and microwavable soups declined due to lower promotional spending and intense competitive activity in the broader simple meals category.
- Broth sales increased 1 percent.

Sales results of this segment's other businesses included:

- Beverage sales decreased slightly primarily due to lower sales of "V8" vegetable juice, mostly offset by growth in "V8 V-Fusion" juice and "V8 Splash" juice drinks.
- "Prego" pasta sauce sales increased strongly while "Pace" Mexican sauce sales declined due to increased competitive activity.

Operating earnings were $259 million compared with $270 million in the prior-year period. The decrease in operating earnings was due to lower sales, partly offset by lower marketing expenses.

For the first half, U.S. Soup, Sauces and Beverages sales decreased 5 percent to $2.208 billion. A breakdown of the change in sales follows:

- Volume and mix subtracted 5 percent
- Price and sales allowances added 1 percent
- Increased promotional spending subtracted 1 percent

For the first half, U.S. soup sales declined 5 percent due to a 13-percent decrease in ready-to-serve soups, while sales of both condensed soup and broth were comparable with the prior year.

Operating earnings were $590 million compared with $584 million in the year-ago period. The increase in operating earnings was due to lower marketing expenses and an improvement in gross margin percentage, partially offset by lower sales.

Baking and Snacking

Sales for Baking and Snacking were $489 million in the second quarter, an increase of 11 percent from a year ago. A breakdown of the change in sales follows:

- Volume and mix added 3 percent
- Increased promotional spending subtracted 3 percent
- Currency added 10 percent
- Acquisitions added 1 percent

Further details of sales results included the following:

- Sales of Pepperidge Farm increased due to higher volumes and the acquisition of Ecce Panis, Inc., partially offset by increased promotional spending.
    - Excluding the acquisition of Ecce Panis, sales from the bakery business decreased, reflecting higher promotional spending, partly offset by increased volumes.
    - In the cookies and crackers business, sales increased reflecting the continued solid growth of “Goldfish” snack crackers, partly offset by a decline in cookies.
- In Australia, sales increased due to currency and continued growth in Arnott’s, led by higher sales of both savory and sweet biscuit products.

Operating earnings were $73 million compared with $53 million in the prior-year period. The prior-year quarter included $2 million in costs related to a restructuring program. The increase in operating earnings was due to the favorable impact of currency and margin growth in both Pepperidge Farm and Arnott's.

For the first half, sales increased 7 percent to $1.019 billion. A breakdown in the change in sales follows:

- Volume and mix added 2 percent
- Price and sales allowances added 1 percent
- Increased promotional spending subtracted 3 percent
- Currency added 6 percent
- Acquisitions added 1 percent

Operating earnings were $173 million compared with $136 million in the year-ago period. The prior-year period included $2 million in costs related to a restructuring program. The increase in operating earnings was due to the favorable impact of currency and margin growth in both Pepperidge Farm and Arnott's.

International Soup, Sauces and Beverages

Sales for International Soup, Sauces and Beverages were $437 million for the second quarter, an increase of 12 percent compared with a year ago. The change in sales reflected the following factors:

- Volume and mix subtracted 2 percent
- Price and sales allowances added 4 percent
- Increased promotional spending subtracted 2 percent
- Currency added 12 percent

Further details of sales results included the following:

- In Europe, sales increased due to currency and higher sales in Belgium and France, partly offset by lower sales in Germany.
- In Asia Pacific, sales increased primarily due to currency and gains in Japan, partly offset by lower sales in the Australian soup business.
- In Canada, sales increased due to currency, partially offset by lower soup sales.

Operating earnings were $74 million compared with $50 million in the year-ago period. The increase in operating earnings was primarily due to margin growth in Europe and the favorable impact of currency.

For the first half, sales increased 5 percent to $811 million. A breakdown of the change in sales follows:

- Volume and mix subtracted 2 percent
- Price and sales allowances added 4 percent
- Increased promotional spending subtracted 2 percent
- Currency added 7 percent
- Divestitures subtracted 2 percent

Excluding the impact of currency and divestitures, gains in Asia Pacific offset a decline in Europe.

Operating earnings were $118 million compared with $88 million in the year-ago period. The increase in operating earnings was primarily driven by the favorable impact of currency and growth in Europe.

North America Foodservice

Sales were $159 million for the second quarter, a decrease of 2 percent compared with a year ago. A breakdown of the change in sales follows:

- Volume and mix subtracted 3 percent
- Increased promotional spending subtracted 1 percent
- Currency added 2 percent

Sales declined primarily due to continued weakness in the food service sector.

Operating earnings were $17 million compared with $10 million in the prior period. The prior-year quarter included $6 million in costs related to a restructuring program.

For the first half, sales were $318 million compared with $326 million in the year-ago period. A breakdown of the change in sales follows:

- Volume and mix subtracted 4 percent
- Price and sales allowances added 1 percent
- Currency added 1 percent

Operating earnings were $43 million compared with $21 million in the prior period. The prior-year period included $13 million in costs related to a restructuring program. The remaining increase in operating earnings was primarily due to an improved gross margin percentage, reflecting productivity improvements, including benefits of closing the company's Listowel, Ontario, Canada plant, and lower administrative costs.

Unallocated Corporate Expenses

Unallocated corporate expenses increased to $32 million in the current quarter from $28 million a year ago. The increase was primarily due to higher employee benefit costs. Unallocated expenses for the first half were $55 million versus $75 million in the prior year. The decrease was due to $26 million of unrealized losses on commodity hedges included in the prior year, partly offset by higher employee benefit costs.

Non-GAAP Financial Information

A reconciliation of the adjusted fiscal 2009 financial information to the reported financial information is attached to this release.

Conference Call

The company will host a conference call to discuss these results on February 22, 2010 at 10:00 a.m. Eastern Standard Time. U.S. participants may access the call at 1-866-814-8470 and non-U.S. participants at 1-703-639-1369. Participants should call at least five minutes prior to the starting time. The passcode is "Campbell Soup" and the conference leader is Jennifer Driscoll. The call will also be broadcast live over the Internet at www.campbellsoupcompany.com and can be accessed by clicking on the "Shareholder Event / Webcast" banner. A recording of the call will be available approximately two hours after it is completed through midnight March 8, 2010 at 1-888-266-2081 or 1-703-925-2533. The access code is 1435500.

Reporting Segments

Campbell Soup Company earnings results are reported for the following segments:

U.S. Soup, Sauces and Beverages includes the following retail businesses: "Campbell's" brand condensed and ready-to-serve soups, "Swanson" broth, stock and canned poultry businesses, "Prego" pasta sauce, "Pace" Mexican sauce, "Campbell's" canned pasta, gravies and beans, "V8" vegetable juices, "V8 V-Fusion" juices, "V8

Splash" juice beverages, "Campbell's" tomato juice, and "Wolfgang Puck" soups, stocks and broths.

Baking and Snacking includes the following businesses: "Pepperidge Farm" cookies, crackers, breads and frozen products in U.S. retail, "Arnott's" biscuits in Australia and Asia Pacific.

International Soup, Sauces and Beverages includes the soup, sauce and beverage businesses outside of the United States, including Europe, Mexico, Latin America, the Asia Pacific region, as well as the emerging markets of Russia and China, and the retail business in Canada.

North America Foodservice includes the Away From Home business in the U.S. and Canada.

About Campbell Soup Company

Campbell Soup Company is a global manufacturer and marketer of high-quality foods and simple meals, including soup, baked snacks, and healthy beverages. Founded in 1869, the company has a portfolio of market-leading brands, including "Campbell's," "Pepperidge Farm," "Arnott's," and "V8." For more information on the company, visit Campbell's website at www.campbellsoup.com.

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 sales, earnings, and margins. These forward-looking statements 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 impact of strong competitive responses to the company's efforts to leverage its brand power in the market; (2) the risks associated with trade and consumer acceptance of the company's initiatives; (3) the company's ability to realize projected cost savings and benefits; (4) the company's ability to manage changes to its business processes; (5) the increased significance of certain of the company's key trade customers; (6) the impact of fluctuations in the supply or costs of energy and raw and packaging materials; (7) the risks associated with portfolio changes; (8) the uncertainties of litigation; (9) the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions and other external factors; (10) 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 (11) 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.

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