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CPB - Q3 2013 Campbell Soup Company Earnings Conference Call

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**OVERVIEW:**

CPB reported YTD net sales of $6.8b and adjusted net EPS of $2.19. 3Q13 net sales of $2.1b and adjusted net EPS of $0.62. Expects FY13 sales to grow at upper end of 10-12% range. Expects FY13 adjusted EPS to be $2.58-2.62.

## CORPORATE PARTICIPANTS

**Jennifer Driscoll** *Campbell Soup Company - VP of IR*

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

**Craig Owens** *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

**Anthony DiSilvestro** *Campbell Soup Company - SVP of Finance*

## CONFERENCE CALL PARTICIPANTS

**Jason English** *Goldman Sachs - Analyst*

**Andrew Lazar** *Barclays Capital - Analyst*

**Eric Katzman** *Deutsche Bank - Analyst*

**David Driscoll** *Citi Research - Analyst*

**Priya Ohri-Gupta** *Barclays Capital - Analyst*

**Thilo Wrede** *Jefferies & Company - Analyst*

**Rob Moskow** *Credit Suisse - Analyst*

**Jonathan Feeney** *Janney Montgomery Scott - Analyst*

**Matthew Grainger** *Morgan Stanley - Analyst*

**Alexia Howard** *Sanford Bernstein - Analyst*

**David Palmer** *UBS - Analyst*

**Akshay Jagdale** *KeyBanc Capital Markets - Analyst*

**John Baumgartner** *Wells Fargo Securities - Analyst*

## PRESENTATION

**Operator**

Good day, ladies and gentlemen, and welcome to the Campbell Soup Company third-quarter earnings conference call. At this time, all lines are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time. (Operator Instructions). As a reminder, today's conference call is being recorded.

I would now like to turn the conference over to your host, Jennifer Driscoll, Vice President, Investor Relations. Please proceed.

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**Jennifer Driscoll** - *Campbell Soup Company - VP of IR*

Good morning, everyone. Welcome to the third-quarter earnings call and webcast for Campbell Soup Company. With me here in New Jersey today are Denise Morrison, President and CEO; Craig Owens, Senior Vice President, CFO and Chief Administrative Officer; Anthony DiSilvestro, Senior Vice President of Finance; and Anna Choi, Senior Manager of Investor Relations.

Denise will kick us off today with her perspective on the third quarter. Craig will then give you the financial and segment results for the quarter, our nine-month highlights and expectations for fiscal 2013. After that, we will take your questions.

As usual, we've created slides to accompany our earnings presentation. You will find the slides posted on our website this morning at investor.campbellsoupcompany.com and on our IR app, which is available through Google or Apple.

Please keep in mind that this call is open to members of the media, who are participating in listen-only mode. As a reminder, our presentation today includes forward-looking statements which reflect the Company's current expectations about future plans and performance. These forward-looking statements rely on a number of assumptions and estimates which could be inaccurate and are subject to inherent risks. Please refer to slide two in the presentation or to the Company's most recent Form 10-K -- I'm sorry, slide 3 -- and subsequent SEC filings for a list of the factors that could cause our actual results to vary materially from those anticipated in our forward-looking statements.

Campbell completed the acquisition of Bolthouse Farms one week into this current fiscal year. The acquisition is now included in our results and it drove most of the year-over-year changes in our first nine months.

In September, we announced a restructuring program designed to improve our U.S. supply chain cost structure. Our third-quarter reported results reflect $20 million pretax of costs associated with that program.

Last, we signed commercial agreements with two companies in Mexico in February and our third-quarter reported results reflect $1 million of associated pretax costs related to those agreements.

Our remarks today for the balance of our presentation will be on an adjusted basis, including Bolthouse Farms' operating results for 38 of the 39 weeks, but excluding its transaction costs and the restructuring charges.

Since our presentation includes non-GAAP measures as defined by SEC rules, we've provided a reconciliation of the measures to the most directly comparable GAAP measures as an appendix to the slides accompanying our presentation. These slides, along with our earnings release and selected quarterly financials, also can be found on our website accessible online or on your mobile device with the Campbell IR app.

I've got one more thing to plug. We would like to cordially invite our analysts to our annual analyst day at Campbell World Headquarters. This year's event will be held on the morning of Wednesday, July 24, and will feature presentations by Denise Morrison, Craig Owens and several other Campbell leaders. It will also be your opportunity to meet two of them who are new, including Luca Mignini, our new President of Campbell International, and Jeff Dunn, Head of Bolthouse Farms.

After the formal remarks that day, we'll offer Q&A before concluding our analyst day with a very tasty luncheon featuring Campbell and Bolthouse products. We hope you will join us either via webcast or better yet live at World Headquarters here in Camden, New Jersey. Watch for more information later.

And with that, let me turn it over to Denise.

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

Thank you, Jennifer. Good morning, everyone, and welcome to our third-quarter earnings call. As you've seen in our earnings release this morning, we are very pleased by our results for the third quarter. Our net sales were up 15%, or 4% excluding the impact of Bolthouse Farms, which we acquired in the first quarter of the year. Our adjusted EBIT was up 9%, or 3% excluding the acquisition. Our adjusted EPS was up 11%.

These results were driven by outstanding sales and profit gains in U.S. Simple Meals, led by our U.S. Soup business, whose sales were up 14%. There were also strong contributions from Bolthouse Farms and solid sales performance in Global Baking and Snacking, including both Pepperidge Farm and Arnott's.

As you've also seen, we revised our previous guidance for the full year. We now expect to end the fiscal year with both net sales and adjusted EBIT at the high end of the growth ranges we previously forecasted for the year and adjusted EPS above our previous guidance.

In my comments this morning, I will offer my perspective on the performance of our Soup business in the quarter and comment on the progress of our innovation program in U.S. Simple Meals. I also want to talk about our plans for improving the performance of two businesses that did not do well in quarter three, U.S. Beverages and North America Foodservice. I'll say a few words about Global Baking and Snacking and Bolthouse Farms.

Finally, I'll offer some thoughts on how our results for the third quarter relate to our overarching strategy for the business. Craig will then provide a more detailed review of our third-quarter financials, and then we'll open up the call for your questions.

So first, U.S. Soup. Our U.S. Soup business delivered exceptionally strong third-quarter performance. Condensed sales increased 11%, sales of our ready-to-serve soups increased 18% and sales in the broth business also rose 18%. Overall, the top line in U.S. Soup grew by 14% for the quarter. These are clearly impressive results.

For the most part, we delivered these results by doing what we said we would do in our Soup business, focusing relentlessly on improving our execution against the drivers of demand. We've improved product quality and packaging. We have more effective advertising and consumer promotion and better in-store merchandising.

Our new product varieties have been well-received by consumers. Our price realization has continued to work. Our Chunky Soup franchise posted strong double-digit growth in the third quarter behind a number of brand-building initiatives, including increased promotional spending, introduction of new varieties, improvement in quality and a return to more impactful NFL-themed advertising.

Overall, we have maintained competitive levels of advertising while reducing less productive spending and supporting new product innovation.

There is little doubt that we had some help from the weather in the third quarter and for the soup season, although it is hard to quantify the impact of that factor with any precision. Colder weather clearly helped soup sales in the quarter as we cycled last year's weather, which was one of the warmest winters on record. We also delivered stronger execution and laid the groundwork for sustainable growth.

We are very encouraged by the progress we've made in this business. Year to date, both Campbell Soups and the wet soup category in the United States have grown 4%. We are confident that we can now drop the word stabilized in our strategy and focus on driving sustainable, profitable growth in North America Soup and Simple Meals.

While I'm on the subject of U.S. Simple Meals, I'd like to comment on our progress in innovation. As I just mentioned, strong sustaining innovation has had a positive impact on the performance of our Simple Meals portfolio. Appealing new product varieties and a resolute focus on improved quality are helping us reinforce and expand the vitality of our brands with our loyal consumer base. But as you know, we are also working hard to expand our core franchise in North America to reach new consumer groups and a new generation of consumers.

In combination, Campbell's Go Soups and Campbell's Skillet Sauces added approximately one point of growth for U.S. Simple Meals both in the third quarter and year to date. While sales are still small, we are committed to these products and are pleased by the potential they've shown. Let me explain.

Premium shelf-stable soup is a fast-growing segment of the soup category with higher retail price points and primarily out-of-the-can packaging. Campbell's Go is the third entry in our premium shelf-stable soup platform following Campbell's Slow Kettle and our Gourmet Bisques. The rate of repeat on Campbell's Go Soup continues to be strong. Our challenge with this product is to build trial, which was impacted by the timing of our marketing efforts. Since we've turned on our marketing, which has been largely digital, we've seen improvements in sales in this line.

Campbell's Skillet Sauces are a breakthrough concept with a high potential for reward. With this product, we're working with our customers to create an entirely new category of unique, convenient and versatile dinner sauces. Because this is a new idea, retailers across the country have shelved the product in many different locations in the store, and those locations did not create the scale necessary to capture the attention of shoppers. Additionally, the recess in these various sections occurred at different times of the year, so with some retailers, we had a later start than we had planned. We now have a clearer understanding of the best way to shelve our new dinner sauces, and this will be a major thrust for us in fiscal 2014.

But the good news is that consumer repeat is very strong. Those who try it, buy it again. And as I mentioned at CAGNY, next year we will expand this platform with the launch of Campbell's Slow Cooker Sauces, which address another large dinner behavior.

Compared with our sustaining innovations, like our new varieties of Chunky Soup, sales from our breakthrough innovations in Simple Meals remain small, but I am neither surprised nor discouraged by the fact that we've had some growing pains in introducing brand-new ideas into the marketplace, and we've learned a lot from the launches this year. In fiscal 2014, we will refine our approach to the accessibility and appeal of these product lines, and we anticipate that over time both of these platforms will contribute meaningful growth to our portfolio.

I want to turn now to U.S. Beverages and North America Foodservice, whose third-quarter performance were disappointing. First, Beverages. Campbell now competes across a broader spectrum of the immense beverage category than we did a year ago. With our acquisition of Bolthouse Farms, we are now actively participating in superpremium fresh beverages, a fast-growing segment in which we are performing quite well, with retail sales up more than 20% this year, as measured by IRI.

Our historic roots of course are in shelf-stable juices, a category which has been and continues to be weak in the U.S. We compete in the premium segment of the shelf-stable category with V8 100% vegetable juice and V8 V-Fusion, and in the value segment with V8 Splash. The value segment is currently one of the bright spots, and V8 Splash is doing nicely. We will continue to market it aggressively.

The premium segment of shelf-stable juice is weaker than the total category and that is where our issues are now. Our core V8 100% vegetable juice business is down, and over the past few years, new players have entered with other fruit and vegetable blends that compete with our V8 V-Fusion line. Our innovation in this space has had mixed results.

As I've said before, we believe that we can improve the performance of our shelf-stable beverage business by taking a page from the playbook we've successfully used in U.S. Soup, so we are focused now on two things. The first is laser-like attention to the basics, with excellence and execution against all the drivers of demand. We've recently improved the quality of our V8 100% vegetable juice products and returned to a proven advertising campaign. Next year, we will enhance our packaging.

Second, we are focused on expansion in faster growing spaces in this category. Our V8 V-Fusion Plus Energy drinks and new V8 V-Fusion juice boxes for kids are performing well, and we are growing distribution and increasing marketing support behind these promising new products. We also plan to launch other new products in the fourth quarter and next year.

V8 is a very strong brand with unsurpassed credentials in health and wellness. Over time, I believe we can reverse the declining trends in our shelf-stable beverage business. We are taking the right steps to do that and will provide more details on our plans at our analyst day in July.

I'll now move to North America Foodservice. Although about half of consumer food dollars are spent in away-from-home eating occasions, the trends in the food service sector, particularly restaurants, continue to be affected by consumers' close management of their discretionary spending in the aftermath of the economic downturn.

Our own Foodservice business has been challenged due to the loss of a major restaurant customer and by structural changes in the sector that have caused us to increase trade spending at the expense of margin. However, our fresh soup business in the retail perimeter continues to be a bright spot, with net sales up 8%.

Going forward, we believe we have significant opportunity to grow with national restaurant chains, especially QSRs, and to expand our retail fresh perimeter soup business. We've invested in a new manufacturing line to increase our capacity to make fresh soup, which will enable our expansion in this space. We are also taking a close look at the business model for our core Foodservice business.

Core foodservice is becoming more complex, more expensive and more commoditized. Industry consolidation and restaurant cost pressures have reduced profitability for manufacturers, and, as you'd expect, we are focused on keeping our costs down. We're moving aggressively to improve the performance of North American Foodservice in the short term while laying the foundation for longer-term growth.

Before I conclude, I want to say a few words about two other important Campbell businesses. Global Baking and Snacking delivered solid top-line performance in the third quarter with organic sales up 6%. At Pepperidge Farm, there were strong sales gains in both our Goldfish crackers and our Pepperidge Farm cookies. Sales in fresh bakery grew double digits over the prior year. The shelf space opportunity triggered by the Hostess bankruptcy contributed to our bakery gains in the quarter.

Our improved execution also played a role. We plan to hold on to some of the shelf space gains even after competitors return to the market by continuing to demonstrate to customers what an expanded premium offering can do for their business.

We are also pleased to see solid sales growth in our Arnott's biscuit business, with increases in both savory crackers and sweet cookies and continuing growth in Arnott's business in Indonesia.

Finally, the addition of the Bolthouse Farms business remains consistent with our plans and the business is performing very well on both the top and bottom lines across carrots, salad dressings and superpremium beverages. Beverage innovations launched by Bolthouse this spring are exceeding expectations. We believe this has been a great acquisition for Campbell, and we continue to be extremely excited about the platform it provides us to expand in the fast-growing packaged fresh category.

I'll close offering some brief perspective on the big picture. We have said that our overarching goal is to position Campbell for sustainable, profitable net sales growth by executing against a dual mandate -- to strengthen our core business and to invest for long-term growth in faster-growing categories, adjacencies and geographies. We believe that we are making good progress in advancing our plan and in our efforts to change the growth trajectory of this Company.

Today, we are managing our core business with a clear view of the role of each business in the portfolio and working hard to optimize the value that each business can deliver. Superior execution and smart innovation are having an impact on our financial performance in Simple Meals and Baking and Snacking, and we've made significant strides in U.S. Soup.

And across the portfolio, we're investing for long-term growth in faster-growing spaces, from packaged fresh to premium soups in the center aisle, to beverages, baked sacks and Simple Meals that resonate well with consumer groups that represent strategic growth opportunities for Campbell, like millennials and Hispanics. We're also investing in faster-growing markets like Mexico and Indonesia.

We recognize that there is much more that we have to do to fulfill our dual mandate, including improving our performance in shelf-stable Beverages and Foodservice. We know what our challenges are and what we have to do to address them, and we expect to deliver improved results in the businesses that have been lagging this year.

As we head into the final quarter of fiscal 2013, we feel very good about the progress of the last two years. We are also excited about what lies ahead. We are still in the early days of executing this plan, but we believe our strategies are the right ones for Campbell and we remain committed to them. You will see us continue to execute against them with energy and unsparing focus as we look forward to ongoing dialogue with you about the results, particularly at our upcoming analyst day in July, where we will provide more details about our fiscal 2014 plans.

Now I will turn the call over to Craig for a closer look at the third quarter.

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**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

Thanks, Denise. Good morning. I'll spend a few minutes walking through our third-quarter results and segment highlights, followed by a brief look at our year-to-date results. We'll wrap up with a full-year sales and earnings guidance look.

As Jennifer mentioned, my discussion of results will exclude the impact of all restructuring programs for the current and prior years, as well as acquisition transaction costs.

For the quarter, we reported net sales of $2.1 billion, a 15% increase reflecting the impact of the Bolthouse Farms acquisition, which added 11 points. Excluding the acquisition, organic net sales increased by 4%, our best quarterly growth rate since 2009.

EBIT adjusted for restructuring costs, which impacted both the current and prior-year quarters, increased by 9% to $293 million. Of the adjusted EBIT increase, 6 points came from adding Bolthouse and 3 points from growth in the base business, primarily driven by a strong performance in U.S. Simple Meals.

Adjusted earnings per share were $0.62, an 11% increase from the third quarter of 2012.

As you can see on slide 22, 11 points of the 15% increase in net sales were attributable to Bolthouse. The growth in organic sales reflected 5 points of volume mix growth, pricing contributions of a point and the negative impact of increased promotional spending of 2 points.

The favorable volume mix was from gains in our three largest segments, U.S. Simple Meals, Global Baking and Snacking, and International Simple Meals and Beverages. The pricing gains were primarily due to our previous list price increase on U.S. Condensed Soup, as well as increases in Canadian Soup and in Pepperidge Farm.

The promotional spending variance is primarily due to higher rates of spending in US Simple Meals, U.S. Beverages and North American Foodservice.

Excluding the impact of current quarter restructuring programs, our adjusted gross margin percentage declined by 210 basis points to 36.7%. The decline was primarily attributable to the impact of the acquisition of Bolthouse, which operates with a lower gross margin structure. Excluding that acquisition, the impacts of cost inflation and increased promotional spending were largely offset by productivity improvements, the benefit of higher selling prices and favorable mix.

The inflation rate and cost of goods was approximately 3% for the quarter.

Marketing and selling expenses increased by 2% to $262 million compared to $256 million a year ago. The increase was primarily driven by the impact of the addition of Bolthouse, higher spending to support innovation efforts and higher selling expenses, partly offset by lower advertising and consumer promotion spending. Despite a 7% decline in advertising and consumer promotion expense, primarily due to U.S. Soup, we have increased spending in Pepperidge Farm and we continue to support our new product introductions. Our advertising in Simple Meals remains at competitive levels.

Administrative expense increased $28 million to $172 million, primarily due to the acquisition of Bolthouse Farms and higher incentive compensation cost. Net interest expense increased by $4 million. The increase was due to the higher level of debt incurred to fund the acquisition. Average interest rates on our total debt portfolio were lower.

The adjusted tax rate increased by 20 basis points to 26.3%. The current and prior-year quarters both benefited from adjustments to reflect lower taxes on foreign earnings. The tax rate in the quarter was lower than the previous forecast, and I'll speak to the impact on the year when I address guidance.

Adjusted net earnings increased by 8%, and adjusted net earnings per share increased to $0.62 for the quarter, reflecting EBIT growth, higher interest expense and a small decline in diluted shares outstanding.

Third-quarter segment sales results and the corresponding organic growth rates are shown on slide 25. Our U.S. Simple Meals segment achieved strong sales growth of 11%. Within the segment, U.S. Soup sales rose by 14%, driven by double-digit gains in ready-to-serve, condensed and broth.

U.S. sauce sales increased 3% compared to the prior year, as gains in Prego pasta sauce and Pace Mexican sauces were partly offset by declines in Campbell's canned pasta. Sales also benefited from the introduction of Campbell Skillet Sauces.

Our Global Baking and Snacking segment also achieved strong organic sales growth, up 6%, with increases in both Pepperidge Farm and Arnott's. The sales increase in Pepperidge was driven by growth across fresh bakery, crackers and cookies; frozen sales declined.

In the bakery business, we continue to benefit from the market exit by Hostess, with volume gains across most of the portfolio. The snacks business had another strong quarter, reflecting solid growth in Goldfish snack crackers and a strong sales performance in cookies. Sales at Arnott's increased primarily due to sales growth in Australia in savory crackers and sweet cookie varieties and strong results in Indonesia.

Organic sales for our International Simple Meals and Beverage segment increased 3% compared to the prior year. Strong sales gains in Europe and Latin America and growth in the Asia Pacific region were partly offset by declines in Canada. Sales in Europe increased due to volume gains in Germany, France and Belgium. In Asia Pacific, sales increased due to growth in Malaysia, Hong Kong and Japan, partially offset by sales declines in Australia.

Sales for the Bolthouse Farms and North America Foodservice segment were $344 million, with Bolthouse contributing $205 million. Organic sales excluding the acquisition declined 10% compared to a year ago. This sales decline in North America Foodservice reflects the loss of a major restaurant customer and continued higher levels of promotional spending in our core Foodservice business. U.S. Beverage sales decreased by 5% in the quarter, primarily due to the decline in V-8 vegetable juice.

Operating earnings for U.S. Simple Meals on slide 27 increased significantly, up 30% to $156 million this quarter, as we continue to improve the profitability of the business. The increase reflected strong earnings gains in U.S. Soup, partly offset by a decline in U.S. Sauces, which included investments in new products.

Within the segment, the benefit of higher volumes, increased selling prices and productivity improvements were partly offset by increased promotional spending.

Earnings of Global Baking and Snacking were comparable to prior year. Growth at Arnott's was offset by the impact of currency. For the segment, higher sales were offset by increased marketing spend and administrative costs.

Within International Simple Meals and Beverages, earnings increased by 8%, primarily due to higher earnings in Europe. Operating earnings for US Beverages decreased by 27%, primarily due to lower volume on 100% Juice varieties, cost inflation and increased promotional spending.

Operating earnings within Bolthouse and the Foodservice segment increased by $7 million, composed of a $17 million addition from Bolthouse Farms and a significant decrease in earnings from North America Foodservice.

As with the sales decline, the earnings decline in Foodservice is driven by a customer loss and higher trade spending. Bolthouse Farms is delivering results that are consistent with our acquisition plan.

U.S. Soup sales for the third quarter increased 14% driven by double-digit gains in each of the three large categories. Sales of condensed soup rose 11%, driven by double-digit gains in eating varieties, which benefited from increased promotional activity and price realization. Ready-to-serve soup increased 18%, primarily due to significant volume-driven gains in Campbell's Chunky canned soups. Chunky performed extremely well in the quarter, benefiting from new varieties, increased promotional activity and the return to NFL advertising. Sales also benefited from the launch of Campbell's Go Soups.

Broth sales increased 18%, benefiting from higher levels of promotional activity, which drove double-digit volume gains in aseptic broth.

Our measured consumer takeaway in the quarter was a robust 10% ahead of category growth. Sales also benefited from an increase in resale inventories. Year-to-date, U.S. Soup sales increased 5%, primarily driven by a 9% increase in ready-to-serve soup. Sales of condensed increased 2% compared to the prior year, while broth sales increased 3%. U.S. Soup consumer takeaway for the first nine months was up about 4%.

On the next slide, we look at our market share and category performance based on the past 52 weeks for the U.S. wet soup category. The category as a whole rose by 4%. Our sales and measured channels rose 3.4%, with gains driven by ready-to-serve soup, condensed and Swanson broth. As Denise mentioned, improved execution and the benefit of a colder winter have contributed to very healthy growth.

Campbell's had a 59% market share in the wet soup category, which includes condensed soup, ready-to-serve and broth. All other branded players collectively held a share of 28%, with a 13% private-label share. These figures are sourced from Symphony IRI's multi-outlet report and are based on dollar sales.

A brief recap of year-to-date results begins on slide 30. In the first nine months, we reported net sales of $6.8 billion, an 11% increase from the prior year, primarily driven by the acquisition of Bolthouse Farms. Organic net sales increased by 2%. The organic sales gain was largely driven by growth in U.S. Simple Meals and Baking and Snacking, partly offset by declines in North America Foodservice and U.S. Beverage.

Excluding restructuring and acquisition transaction costs, adjusted EBIT increased 6% to $1.1 billion. 4 points, or $46 million of the increase, was attributable to the Bolthouse operating results, while 2 points of the growth came from the base business, primarily driven by earnings gains in U.S. Simple Meals, partly offset by declines in North America Foodservice.

Year-to-date adjusted earnings per share were $2.19, an 8% increase versus the prior year. The increase reflected EBIT growth, the benefit of a lower tax rate and fewer shares outstanding, partly offset by higher interest expense.

Our adjusted gross margin percentage declined 170 basis points year-to-date to 37.2%. The addition of Bolthouse drove most of that change. Excluding the acquisition, the impact of cost inflation and increased promotional spending were largely offset by productivity improvements and the benefit of higher selling prices. The inflation rate and cost of goods sold was approximately 3% year to date.

Marketing and selling expense were $813 million, essentially flat to the prior year. Our planned reduction in marketing spend, principally a 12% reduction in advertising and consumer promotion expenses, offset the impact of Bolthouse Farms and the higher selling expense for the total Company.

Administrative expenses for the quarter increased by $65 million, primarily due to the acquisition and to higher compensation and benefit costs, including increases in pension expense.

Net interest expense year-to-date increased by $14 million due to the higher level of debt to fund the acquisition. The adjusted tax rate declined 90 basis points to 30.3%, primarily due to the resolution of state tax matters and recent changes in U.S. tax law. Consistent with EBIT growth, adjusted net earnings for the first nine months increased 6%. Adjusted EPS benefiting from fewer shares outstanding increased by 8%.

Cash flow from operations was $864 million fiscal year-to-date compared with $838 million in the prior year. Higher cash earnings and lower benefit plan distributions were partly offset by increased working capital requirements. Capital expenditures of $205 million were up from $173 million a year ago. For the year, we continue to forecast capital spend of approximately $330 million.

As we previously announced, we suspended the strategic share repurchase program at the end of fiscal 2012 in order to reduce the debt incurred to finance the Bolthouse acquisition. However, we continue to repurchase additional shares to offset dilution from equity compensation programs.

Net debt rose to $3.8 billion, an increase of $1.4 billion due to the acquisition, partly offset by cash generation. For the first nine months, the Company paid dividends of $366 million, including an acceleration of the payment normally made in late April or early May.

This morning, we revised our previous fiscal 2013 guidance. We now expect to grow sales at the upper end of the 10% to 12% range and adjusted EBIT at the upper end of the 4% to 6% range. The adjusted EPS, benefiting from a lower than expected tax rate and the improved EBIT outlook, is expected to exceed the previous range forecast of 3% to 5%. We now expect EPS to grow between 6% and 7% in the range between $2.58 and $2.62.

We are now forecasting a full-year tax rate of between 30% and 31%. Our guidance includes the estimated impact of Bolthouse Farms and excludes the impact of acquisition transaction costs and restructuring charges. The Bolthouse Farms acquisition is expected to contribute approximately $750 million to sales and approximately $0.06 to our adjusted EPS, including the impact of suspending the strategic share repurchases.

Thank you. With that, I will now turn it back to Jennifer.

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**Jennifer Driscoll** - *Campbell Soup Company - VP of IR*

Thank you, Craig. At this time, we will conduct a Q&A session. We would like to request that callers limit themselves to a single question. However, please stay on the line in case we need clarification. Sean.

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## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Jason English, Goldman Sachs.

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**Jason English** - *Goldman Sachs - Analyst*

Good morning, folks. Thanks for the question. Congrats on wrapping up a pretty solid Soup season. I wanted to focus on the rest of your business, aside from Soup. I think you've addressed some of the weakness in Beverages and Foodservice. I wanted to focus on the Baking side of the business. Top lines looked great, but year to date, there has been no bottom-line growth. Can you help us understand some of the drivers of the margin weakness there?

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**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

Yes, in the Global Baking and Snacking segment, we have continued to cycle -- if you'll recall last year, we had a very difficult year in Australia. We essentially reset trade spending levels in that market. And through the first three quarters of this year, we have been cycling against that reduction and against lower gross margins.

The Pepperidge business has performed at a stronger rate than that through the first three quarters, and we are -- I guess we're probably about flat in gross margin at Pepperidge through the first three quarters of the year.

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**Jason English** - *Goldman Sachs - Analyst*

When are you done cycling that Australian trade spend adjustment? And also if you could comment a little bit on sort of wheat costs, where your inflation numbers sit, and what the outlook is going forward.

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**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

We should finish cycling the Australian trade adjustment in the fourth quarter. We should -- yes, in the fourth quarter. And if you look at the inflation forecast -- this year, of course, has been a tough one on flours and grains, particularly in the early part of the year. I think as we look forward, we would expect -- although it's a little early to tell in terms of timing of crops and whatnot -- we would expect a more normal inflation rate in those businesses next year.

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**Jason English** - *Goldman Sachs - Analyst*

Great. Thanks a lot, guys. I'll pass it on.

**Operator**

Andrew Lazar, Barclays.

**Andrew Lazar** - *Barclays Capital - Analyst*

Good morning, everybody. In Campbell's base business, excluding Bolthouse, perhaps -- if I'm doing the math right -- maybe the gross margin was still down a bit in the quarter, despite a really strong obviously top-line performance from the high-margin Soup business. So I know part of that is obviously trends in Beverages and Foodservice.

But trying to get a bit of additional color maybe on the magnitude of gross margins and the change in the Soup and Simple Meals segment, just to give us some comfort that the operating leverage that one would expect from that type of sales growth in Soup was what we would expect it to be or wasn't compromised in any way.

**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

Gross margin on Soup and Simple Meals did show the positive impact of a leverage that you would be looking for. We don't disclose precisely, but it was up over 150 basis points in the quarter. And you are right; the things that were depressing the gross margin, ex Bolthouse, would have been NAFs and U.S. Beverage, both of which had pretty significant declines in gross margin, largely related to increased promotional spend.

**Andrew Lazar** - *Barclays Capital - Analyst*

Great. Very helpful. Thanks very much.

**Operator**

Eric Katzman, Deutsche Bank.

**Eric Katzman** - *Deutsche Bank - Analyst*

Good morning, everybody. I guess my question goes -- I think, Denise, to -- maybe it was your comment about -- or maybe it was Craig's -- about consumption being less than shipments. Is it your sense that -- is this a timing issue year-over-year, given how warm it was a year ago? Or does this have to do with the retailers being a little more optimistic about the category? Obviously, with your share, you've got good visibility into what is going on on the shelf, so maybe you could talk a little bit about that excess inventory.

**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

So measured consumption was about 10%. Sales were about 14%. That implies -- and the tracking data that we have where we help manage inventory -- would say that retailer inventories were up a bit. I think the good news is that most of that inventory was and is on the floor and we would expect to be moving.

It's always a little difficult to forecast. You asked if it was a timing issue, difficult to forecast the fourth quarter. It is such a small quarter and inventories are certainly going to drop in the fourth quarter, and the question is how much they drop relative to what they dropped last year. But you would probably expect some of that to come back in the fourth quarter.

**Eric Katzman** - *Deutsche Bank - Analyst*

And so you don't sense that it -- because I think we've gone through several years of inventory declines at retail as the category has shrunk. You don't think it is -- well, granted you're going into the summer, but you don't think it is a function of the retailers becoming a little bit more optimistic about shelf space?

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**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

Well, I think the really strong sales in the quarter have sort of a natural inflationary impact on inventories. I mean sales were terrific. They were beyond our own expectations. I think they were probably beyond the retailer expectations. And so as you went through the quarter, I think you saw higher order rates and maybe some of that will stick, Eric.

But retailers have got -- I think the primary reason you've seen inventories drop is that retailers have gotten better and better at managing inventory, and we continue to have really high service levels and are reliable. And so they feel like they can operate on thinner inventories.

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**Eric Katzman** - *Deutsche Bank - Analyst*

And if I could, just last follow-up. Denise, you sounded a bit more cautious about the new products versus the last couple of calls. Was there like any of the inventory build in the soup-to-go line? Is it that material that it could have had an impact? And maybe you could just address how much more spending do you think is necessary to get trial-up on -- or sorry -- repeat-up on the products.

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

If I came across as cautious, that is really not the right tone I was trying to set. I'm actually very optimistic about the platforms of the pouch Go soups and also the dinner sauce segment.

What I was sharing with you were some of the lessons learned from this year's season. Because one of the things that we do in running an innovation agenda is we track what went right and what didn't and what can we learn from it, and then how do we reapply so we get better in the next round.

And so we've got very, very high hopes for these platforms, and we believe they will continue to build over time.

The thing that I really watch is the repeat rate. Because right now, the challenge we have is just to build trial, because the repeat is really strong. So those that do try it buy it. And what we also are seeing is that it is attracting affluent consumers and more millennials, which was what the objective was, and that has been highly incremental to the franchise.

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**Eric Katzman** - *Deutsche Bank - Analyst*

Thank you.

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**Operator**

David Driscoll, Citi Research.

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**David Driscoll** - *Citi Research - Analyst*

Great. Thanks a lot. Just one follow-up to Andrew's question on the Soup margins. Can you just say, again, was it volume leverage that predominantly drove the margin expansion, or was it better balance on pricing inflation and inflation, Craig?

**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

Largely volume, David.

**David Driscoll** - *Citi Research - Analyst*

Okay. Then my main question is just on advertising and consumer promotion. So it is somewhat odd, perhaps, to see just the incredible performance of Soup, and then in conjunction with that, the comments that A&C spending are down on Soup.

So Denise, can you talk about the A&C spending on Soup? Can you reduce it further, because some of it would apparently maybe be just ineffective? So is there just A&C that we can cut out that wasn't really doing anything, but yet this Soup business with the new products and other activities can continue to grow?

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

I would largely agree with your assessment. I think you can expect that advertising in fiscal 2014 will not be higher as a percent of sales on the base business, but we will continue to be advertising at competitive levels -- and I'm talking about the Soup and Simple Meal business here. And we will be funding and advertising our new product innovation.

We have and continue to eliminate unproductive spending. And I also believe that we have made incredible strides in terms of the effectiveness of our advertising. And the example is Chunky Soup, where we did return to the NFL-themed advertising, and that resonated very well with consumers.

But I think advertising has to be viewed as only a part of the marketing mix. We've made quality improvements, we've had new varieties that have added some news to the base and excitement, and we've also had much more effective promotion on the brands. So I think all in all, advertising is finding its way in the marketing mix.

**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

But, David, I wouldn't expect to see further significant cuts in advertising as we move forward. As Denise said, I don't think we'll restore the spending, because it looks at what we are doing is working. And of course, we will continue to look for where there is ineffective spending to cut that out. But I think if you think about it in terms of total level, probably not big reductions left.

**David Driscoll** - *Citi Research - Analyst*

Very helpful. Thank you.

**Operator**

Priya Ohri-Gupta, Barclays.

**Priya Ohri-Gupta** - *Barclays Capital - Analyst*

Thank you for taking the question. If I could just ask what your thoughts are right now on the international M&A environment, just given your prior commentary on opportunities to grow into geographic adjacencies. And one housekeeping item; if you could provide your D&A number for the quarter. Thank you.

**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

So I think of the question on the international environment for M&A is, as we have said a number of times before, we do believe that we can find opportunities internationally to get us into markets that for the long-term sustainability of growth for the business would be good for us, because they are faster-growing markets than our core markets.

I think that we've also said, and it also continues to be true, there are not a huge number of targets out there, and the targets that are out there tend to be pretty hotly contested. We have a pipeline. We started working that pipeline as we -- as Denise came into the CEO position, and we sort of shifted our focus on M&A.

We have -- you haven't seen us make an international acquisition yet, and that is largely a result of the fact that we are going to be pretty disciplined as we look at these things. Some of them take time, because they are family-owned businesses and it is a matter of building relationships and waiting for the moment when the family is ready to exit and sell.

So we keep working at it, we continue to be disciplined. We think we will eventually land some good opportunities, but obviously not going to comment on any specific situation.

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

Right. To build on that, in addition to M&A, we are also pursuing partnerships where they make sense. So for example, our partnerships in Mexico with Jumex and La Costena to do a distribution and manufacturing agreement for the Beverage business and the Soup and Simple Meal business is pretty exciting for us. So we will continue to look for those opportunities as well.

**Anthony DiSilvestro** - *Campbell Soup Company - SVP of Finance*

To address your last question, the depreciation and amortization for the nine months is about $318 million, and that is up significantly versus the prior year because it includes accelerated depreciation on our restructuring programs and also includes Bolthouse Farms.

**Priya Ohri-Gupta** - *Barclays Capital - Analyst*

Great. Thank you very much.

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

Thanks, Anthony. Next question, please.

**Operator**

Thilo Wrede, Jefferies.

**Thilo Wrede** - *Jefferies & Company - Analyst*

Good morning, everybody. Denise, you basically announced the Soup business stabilized today. Where would you have to get the U.S. Beverage business to make that same kind of announcement? Is there any kind of top-line growth rate or margin target that you have in mind? And if so, which one would be more important, top-line or margin?

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

I am not really giving guidance on the Soup business going forward at this point in terms of a number. But suffice it to say that we believe we have focused on fixing the fundamentals, on better execution, on a better optimization of the drivers of demand and a better understanding of the portfolio roles for these brands. And we believe that we can say we've stabilized and now we are going to profitably grow as we go forward.

**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

And I think on the Beverage business, Thilo, clearly we are -- as Denise said in her opening -- we are not happy with the declines. Part of it is category; the category shelf-stable juice has been very weak. Clearly, we are doing better with portions of that category. Our premium -- superpremium fresh juices out of Bolthouse are doing very, very well. Our Splash entry in less than 100% juice is doing well.

But the core of our business and the core of our probability, the red juice business and the V8 V-Fusion business, have not done well. I guess by definition, stability would be to arrest the decline. But we think that over time, the beverage business can grow.

**Thilo Wrede** - *Jefferies & Company - Analyst*

Okay. Thanks.

**Operator**

Rob Moskow, Credit Suisse.

**Rob Moskow** - *Credit Suisse - Analyst*

Thank you. I just did some quick weather math, trying to look at the number of heating days year-to-date 2013. And it looked like the number of heating days really weren't that different from 2011, '10 and '09. It really was 2012 was the anomaly.

So I guess -- I know you said it is hard to predict -- or hard to estimate the impact of weather. But would you say that this was kind of a normal weather year, or was it a colder than usual weather year, nine months year-to-date? Thanks.

**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

Yes, so it is both hard to predict and to quantify the impact of weather, and frankly, it is not something we control, so we don't spend a lot of time focused on it. But if you just look at temperature swing, you're right; last year was the more unusual year. It was a very warm winter.

This year has actually been slightly colder than normal. So the swing is about an eight-degree swing, using the numbers that we have. And it has an impact. It is undeniable that it has a positive impact.

**Rob Moskow** - *Credit Suisse - Analyst*

Okay. Lastly, on the dividend, have you looked at raising the dividend? And normally, it happens in the fourth quarter, I thought. What is your status there?

**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

We have not announced any change to the dividend, don't intend to announce any change to the dividend in this call. It's an issue that the Board continues to look at.

If you think about over the last couple of years, Rob, we were down on earnings last year as we went through an intentional reset. We did not decrease the dividend. We held the dividend. And we've held it as we've sort of grown back to the prior level this year. I think I would look certainly to next year we would expect to continue a positive trend and we would reconsider the dividend at that time.

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**Rob Moskow** - *Credit Suisse - Analyst*

Great. Thank you.

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**Operator**

Jonathan Feeney, Janney.

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**Jonathan Feeney** - *Janney Montgomery Scott - Analyst*

Thank you very much. I guess I just wanted to follow up on Rob's line of questioning a little bit. I know, Craig, it's difficult to quantify and certainly not something you can control in the weather. But are there like -- you talk about an eight-degree swing. Like you clearly have some methodology internally for thinking about benchmarking performance versus weather.

If I were going to try to go back and look either within seasons, and say adjust, can you think of a methodology that would be the best way to do that? Do you look at days below 50 degrees or days below 40 degrees? And how does that vary across markets?

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**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

Jonathan, the question itself sort of points to the difficulty. You have to get really granular. In other words, what parts of the country, what population centers, what was the weather change in specific geographies, and when did it occur? And honestly, that kind of dissection of weather is just -- I mean, frankly, we don't do it. And it's just not that useful because it is not something that we control.

So again, at a high level, you can look at the numbers and you can say it had a positive impact, no question about it. We are going to keep our head down and keep working on the things that we do control. And we absolutely do not believe that weather was the primary driver of the improvement that we've seen. We think it is all the other things that we've been talking about.

You saw good share performance, for example, which is independent of weather, and some other things that I think point to the fact that we are making some improvement. So we just -- I don't see the value of going as deeply as you would have to go, and frankly, I think even once you got there, you wouldn't know much more than we know at the high level.

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**Jonathan Feeney** - *Janney Montgomery Scott - Analyst*

Great. Thanks. And just one quick follow-up, if you wouldn't mind, while we're on the topic of weather and seasonality. Is there seasonality to the margin of Bolthouse Farms, or is this what appears to be 8% or so margin a good run rate going forward at the EBIT line?

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**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

There is not much seasonality in the Bolthouse business, I don't think. If you think about their product line, it is -- the impact of weather I think is pretty minimal.

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**Jonathan Feeney** - *Janney Montgomery Scott - Analyst*

Excellent. Thank you.

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**Operator**

Matthew Grainger, Morgan Stanley.

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**Matthew Grainger** - *Morgan Stanley - Analyst*

Morning, everyone. Thanks for the question. Denise, so can you talk a bit more to the learnings you've gained during the first few quarters of bringing Skillet Sauces to market, particularly around in-store positioning and merchandising? You talked about having a clearer understanding. But can you give us a sense of what your target or objectives are going forward?

And just quick follow-up on that. Do you feel that you still have a good first-mover advantage in that category? Because it seems like a lot of competitors have moved very quickly. And in order to maintain any advantage, do you really need to keep the level of innovation coming very quickly?

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

First of all, we do know that it is more difficult to create new market segments. And what happened in the execution of Skillet Sauces is it was shelved in multiple store locations. And what that did was it impacted the reset timings to cut the product in. So as a result, we had a slower ACV build in some retailers than originally planned.

The other thing is because it was shelved in multiple locations, it was more difficult for the consumer to find it and more difficult for us to say where it was in our marketing. Couple that with the fact that marketing started in quarter two, but since we've started the marketing, we have seen a pickup in the sales, so that's encouraging.

We feel that we will be working with retailers in 2014 on building out a dinner sauce segment in the store, and we will talk more about how we are going to do this at analyst day. There have been some others that have come into the category. We believe that will add some scale to the segment, and we believe that our execution within that segment with Skillet Sauces and the new Slow Cooker will continue to give us the innovation to maintain the competitive advantage.

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**Matthew Grainger** - *Morgan Stanley - Analyst*

Okay. Thanks very much, Denise.

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**Operator**

Alexia Howard, Sanford Bernstein.

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**Alexia Howard** - *Sanford Bernstein - Analyst*

Good morning, everyone. This is a question on advertising spending on the new products. From memory, I seem to remember that the advertising budget overall was down a bit this year, as you shifted the emphasis more into cheaper digital advertising on the new products. And I think that was to target younger consumers.

I guess going forward, are you planning to step up the more traditional TV advertising on those products? And is it possible that by using the digital approach, you may not have reached maybe some older consumers who might not be exactly the target audience, but could still be a meaningful part of the sales base?

And as a real quick follow-up, if I can sneak it in, are you able to parse apart the U.S. Soup pricing and volume this quarter? Thank you.

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

Let me take the first part of your question first. Yes, we are planning on introducing TV advertising into the marketing mix on the new products. And we have seen that in addition to attracting millennials and affluent consumers, the products are having broader appeal than what we expected, and that is a good thing. So the TV advertising does make sense.

And then the -- I'm sorry, what was the (multiple speakers)

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**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

Yes, so the second one, on soup pricing, as you remember, we had a list price increase on condensed soup coming into the year. The impact across the total Soup category for us was about 2%. In the quarter, that would have been fully offset by increases in promotional spending. So net realized price was about flat.

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**Alexia Howard** - *Sanford Bernstein - Analyst*

Great. Thank you very much. I'll pass it on.

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**Operator**

David Palmer, UBS.

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**David Palmer** - *UBS - Analyst*

Good morning, everybody. Congrats on the core Soup sales strength this season. I was wondering if you could dig into the reasons for this a little bit more. Obviously, we've talked about the percentage point lift to Simple Meals sales from innovation. Obviously, you also had the step-up in the frequency of promotions this year, that was, I guess, partly funded by the advertising dollar spend. There was the weather, there was new Chunky advertising, reformulations I guess at the margin, which I guess are more of a focus going forward.

Could you almost prioritize these things as you head -- not just look back on fiscal 2013, but looking forward -- how these proportions might shift in terms of the lifts that you see to the Simple Meals segment? Thanks.

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

It was a combination of all of the above. I think that the sustaining innovation that we had on the Chunky Soup was very impactful. It added new varieties and new news to the base and these have been incredibly strong. And you couple that with the NFL-themed advertising, and, like I said in my upfront, I believe that really resonated with consumers.

And I don't think it is any one thing. When we talk about optimizing the drivers of demand, that can look a little bit different by brand depending upon where that brand is. So we are going to continue on that program.

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**David Palmer** - *UBS - Analyst*

Thank you.

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**Jennifer Driscoll** - *Campbell Soup Company - VP of IR*

We are coming up on the hour here. We'll take another question.

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**Operator**

Akshay Jagdale, KeyBanc.

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**Akshay Jagdale** - *KeyBanc Capital Markets - Analyst*

Good morning. Thanks for taking the question. Just wanted to follow up on the last question that was asked. When you said 1 point was driven by innovation, I'm assuming that doesn't include innovation on other products and reformulations. Can you -- so first of all, am I right on that?

And secondly, can you just talk more broadly about new products as a percentage of sales this quarter? That would be helpful. Thank you.

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

Yes, we talk about innovation in two ways. We talk about sustaining innovation, which is news to the base. It is typically new varieties or line extensions.

When we talk about breakthrough innovation, it is more disruptive. It is harder, and it is designed to capture new consumer segments, new occasions or new usages.

So we do both and we talk about both. But in the innovation that I just talked about, it was really focused on Go Soup and Skillet Sauces, which were more in the camp of breakthrough innovation.

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**Akshay Jagdale** - *KeyBanc Capital Markets - Analyst*

Can you give us a sense of -- of that 10% sort of takeaway growth this quarter how much came from the other sort of sustainable innovation? Are you seeing better repeat rates? Are you doing more trial? I'm just trying to get a sense of what is driving the consumption growth, just to get a sense of why it could be more sustainable.

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**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

I think one thing we can say on the Chunky business, where we had the most significant number of new varieties, that's a very impactful part of the growth of Chunky Soup. It is harder for us to measure more broadly across the Soup portfolio what the incrementality of any specific item is on a quarterly basis.

The primary reason we don't break that out the way you are asking for it is because it is really difficult to quantify the cannibalization of a formula change or a new product. I think we will come back probably at the analyst meeting and talk more broadly about the progress we are making and the contribution that that is making to sales from our total innovation.

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

Yes, and in total, we are measuring innovation as a percent of sales on a rolling three, so we will be able to share some of that by category with you at analyst day.

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**Akshay Jagdale** - *KeyBanc Capital Markets - Analyst*

Great. Thank you.

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

Okay, we'll squeeze in one last one and then we'll have to go.

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**Operator**

John Baumgartner, Wells Fargo.

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**John Baumgartner** - *Wells Fargo Securities - Analyst*

Good morning. Thanks for the question. Craig, in terms of Global Baking and Snacking, it sounds as though there is really not a lot out there in terms of acquisition targets right now. But how much more can you do in terms of maybe joint ventures or even leaning on your Indonesian business more to drive a larger footprint in Snacking over in China? Is that something you are considering, or is it less a priority right now for you?

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**Craig Owens** - *Campbell Soup Company - SVP, CFO, Chief Administrative Officer*

No, it is absolutely something we are considering. In fact, one of the things that we have done as we talked about broadening our footprint in emerging markets, we've been very active -- now, realistically, they are pretty small, right, if you look at Indonesia, Malaysia, Mexico? But we've been very active. You saw us announce a deal for our Soup and Beverage business to really restructure the way we are coming at it in Mexico and broaden our distribution depth very significantly in that market on Beverages.

Likewise, we have been investing pretty heavily in our Indonesian business and been seeing really robust growth rates in that business because of that investment. We are also looking at export models and the possibility and ability to move some of that product. We already have some export out of the Indonesian business, but looking at whether we can expand that in Southeast Asia.

So all of those things are on the table. I don't want to overstate them in terms of their size, because they are still pretty small. But we are looking at all of those avenues.

**John Baumgartner** - *Wells Fargo Securities - Analyst*

Great. Thanks for taking it. Appreciate it.

**Jennifer Driscoll** - *Campbell Soup Company - VP of IR*

Thanks, everybody, for hanging on an extra couple of minutes. Sorry we didn't get to absolutely everyone. But we appreciate you for joining us for our third-quarter earnings call and webcast. If you missed any of our call, the replay will be available in about two hours by calling 1-703-925-2533. The replay pass code is 1614133.

If you are a reporter and have questions, please call Carla Burigatto, Director of External Communications, at 856-342-3737. Investors and analysts should call me, Jennifer Driscoll, at 856-342-6081.

This concludes today's program. Have a great week. You may now disconnect.

**Operator**

Thank you. Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the conference. You may now disconnect. Good day.