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EDITED TRANSCRIPT

CPB - Campbell Soup Co Investor Day

EVENT DATE/TIME: JULY 22, 2015 / 4:30PM GMT

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PRESENTATION

Jennifer Driscoll - *Campbell Soup Company - VP IR*

-- in case there are others who are going to join us late because of the delays on Amtrak this morning.

So good afternoon. Thank you for coming. Most of you know, I am Jennifer Driscoll, Vice President of Investor Relations for Campbell. We're glad to have you here for our 2015 Investor Day. And we also welcome those who are listening to us via webcast.

We have several hot topics for you today besides soup, but I will lead (inaudible) identify our next speaker whom I'd like to introduce at this time. My friend, Ken Gosnell, has over 25 years in finance, has been at the Company for 12, all of which as head of finance for our Pepperidge Farm. Now, he's preparing to transition into a new role as VP of Finance Strategy and Investor Relations.

While, I have accepted the position at another wonderful company starting in late August, so Ken and I are going to be working together to make sure that we have a smooth transition for all of you in the investment community. And I'm sure you're going to enjoy working with him as much as I have.

I will be back up after our formal remarks to conduct the Q&A session, but I wouldn't be able to connect with every one of you, so as Ken gets ready to take the mic, I just wanted to say that thank to the Campbell management team. I have really enjoyed working with you. It's been terrific and it's been a great experience for me and I thank you for that.

And I also want to thank our audience because, you know, the food industry, some of you know it, but for those of you that have been outside the food industry, it's just a special group of people. There is more longevity in the sector. There is more collegiality in the sector. It's just an outstanding group of people and I've really enjoyed working with you.

I think the reason for some of that greatness is the [KMB] gatherings and so forth, but for whatever reason, and if it's just [that], I thank you.

So with that, Ken?

Ken Gosnell - *Campbell Soup Company - VP-Finance Strategy & IR*

Thanks. Thank you, Jennifer, for that introduction. Big shoes to fill, and Jennifer, you will definitely be missed. Thank you.

Good afternoon, everyone. On behalf of the Campbell management team, I want to welcome you to our 2015 Investor Day, and we thank you for coming here in our headquarters in Camden, New Jersey.

We value our relationships with the investment community and we really appreciate you, your interest on our company. And I personally look forward to working with most of you going forward. I met a lot of you on the way in, so those that I didn't get the chance to meet, I will meet you on the breaks.

A couple of housekeeping things, today's presentation will be webcast on investor.campbellsoupcompany.com.

Now, I have just a couple of slides, the first one, a crowd favorite. Today's presentation includes forward-looking statements which reflects Campbell'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 subject to inherent risks.

Please refer to slide 4 in the presentation or to Campbell's most recent form 10-K and our SEC filings for the factors that could cause our results to vary materially from those anticipated in our forward-looking statements.

We'll also make use of non-GAAP measures to enhance our explanations. Reconciliations are provided in the handouts or available electronically at investor.campbellsoupcompany.com.

And finally, the agenda, you can see we have a full day for you here, our senior leadership team will provide updates regarding the business plans for fiscal 2016. Denise Morrison, CEO, will kick off our formal remarks and then there will be a short break which might be slightly shorter because of the delayed start, we'll see, 2 o'clock Eastern Time. And then Jeff Dunn will wrap up our formal presentation with an update on Campbell Fresh. Then our speakers will fuel the questions post by the live audience.

And now, it's my pleasure to introduce to you Campbell's President and CEO, Denise Morrison. Thank you.

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

Thank you, Ken, and good afternoon, everyone. Welcome to Campbell's Investor Day. This is a very exciting time in the history of our company, and I'm thrilled that you could join us today to learn more about the important actions we're taking to reinvent Campbell and improve our growth trajectory.

We're in a period of revolutionary change in the food industry. It's often difficult to recognize a revolution when you're in the midst of it. But it's clear that the food industry is being transformed right before our very eyes.

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In my entire career, I've never seen an environment quite like the one we are operating in today, brought with both peril and tremendous opportunity. Many of you have heard me talked at great lengths over the past three years about the seismic shifts that are driving this revolution in food. We identified the these shifts early in my tenure. And today, we continue to embrace these shifts even as they converge and accelerate.

Consumers are rapidly changing. We're seeing major cultural shifts driven by global demographics and socioeconomics. Even more importantly, their wants are rapidly changing. Consumer interest in fresh food has been an all-time high. Digital technologies continue to alter how consumers share opinions and shop for food.

These shifts present risks that we must mitigate but they also present immense opportunity for Campbell. The first shift, changing demographics, is marked by the growing influence of cohorts such as millennials and the continued growth of Hispanics.

Further, we're witnessing a fundamental redefinition of the family structure. Today, the American family is more like a mosaic. It comes in different configurations and represents different cultures, different races, different generations, different religions and different life choices.

It's a far cry from the Rockwellesque family units that many of us in the food industry are accustomed to. They are demanding that companies connected their households with relevant messages and products that meet their individual needs.

Second, there is a new global economic reality. Look closely, here at home, the middle class in America is shrinking. Its income has continued to decline since 2000. Despite some improvement in consumer confidence and the jobless rate over the past several years, the middle class has been largely left out of the economic recovery.

Volatility and uncertainty persist and consumer spending remains cautious. The chasm between the haves and the have-nots continues to widen. This has created bifurcation with significant implications for food companies that have long served the middle class.

Beyond our borders, we're seeing a far different picture especially in developing markets. Despite a slowdown in growth, the middle class continues to expand and developing markets account for more than 80% of the world's population. By 2030, about 2/3 of the global middle class will live in Asia. Developing markets are expected to comprise 78% of food category growth by 2020.

Third, there is a sea change in consumer preferences for food. Picture for a moment your own family's eating patterns. From boomers to millennials, consumers are seeking fresher, less processed foods with fewer artificial ingredients.

We're seeing a boom in health and well being. And while those words mean different things to different people, there is no denying the explosion of interest in fresh food because some consumers believe that these foods are healthier. We're seeing this shift in many of the markets where we do business. This stark realization is critically important for us.

The fourth shift emerges from digital technologies and e-commerce which are transforming how consumers interact with food. One byproduct of the digital age is a growing distrust across all sectors of society, consumer skepticism is on the rise.

From a global perspective, the majority of countries in the world now sits with 50% or below with regard to trust in business. Its impact on food is acute. With this distrust, consumers are holding manufacturers more accountable and they are rightly demanding greater transparency about how and where their food is made, which ingredients are used, and how those ingredients are produced and sourced.

Over the years, Campbell has earned people's trust. We welcome this era of transparency as a new opportunity to connect with consumers. We know the people who buy our foods have come to hold us to a higher standard, and we welcome being held to that higher standard. That's our character as a company.

So when you step back and survey the landscape, the convergence of these shifts have disrupted which was one steady growth, had us created a new normal in the food industry with significant volume pressure on mainstream food products particularly center-store categories.

Traditional food manufacturers have been feeling the impact for several years. In calendar 2014, on the heels of these changes, the industry's net sales growth rate decreased to only 1% to 2%. When you add it all up, it's not hard to understand why the food industry is at a critical juncture.

In response to these shifts, companies have initiated a series of strategic actions from spinoffs and consolidations, to the acquisition of small purpose-driven brands and aggressive cost-cutting measures.

Those who have followed Campbell over the last several years know that we anticipated these shifts. We had taken unmistakable action from the reconfiguration of our portfolio and our focus on cost savings to the way we connect with today's consumers.

Let me quickly review the steps that I initiated over the past four years as we executed our dual mandate to strengthen our core business and expand into faster growing spaces.

Strategically, we have accomplished a great deal, most significantly, the realignment of our portfolio into higher growth categories. We've acquired new businesses in faster growing spaces that deliver on a changing consumer needs, adding four growth engines to our company, Bolthouse Farms, Plum Organics, Kelsen Group, and most recently, Garden Fresh Gourmet. Combined, these growth engines will contribute in excess of $1 billion in sales annually.

We've [shed] our slower growing European Simple Meals business. We implemented a new process to drive innovation and delivered several promising innovation platforms such as Campbell dinner sauces that have helped increased our three-year rolling average of sales from new products from 8% to 11%.

We've refocused our efforts to expand in the developing markets that offer the greatest promise. We've acquired Kelsen Group to expand into China and restructured our Campbell-Swire joint venture.

We entered into strategic commercial agreements in Mexico with La Costena and Grupo Jumex. We've increased our investment in Southeast Asia particularly Indonesia to accelerate our organic growth and we exited our Russian operations.

We've also expanded into new channels. We've redesigned the immediate consumption network for our beverage business in the United States. We advanced our e-commerce capabilities with traditional and online-only customers. And we've expanded our presence in value and convenience channels with new products, packaging sizes and price points.

We've also driven meaningful improvement in our cost structure. We've closed five manufacturing facilities and implemented major initiatives focused on improving the efficiency of our supply chain.

While meaningful, these actions have not been sufficient to meet our expectations or yours as growth in our core categories has slowed and we faced unanticipated challenges in Australia and our shelf-stable U.S. beverage business. Although we've made progress, it is simply not enough.

Clearly, Campbell has changed, but at the same time, the world has changed around us and we're adjusting to those changes. Center-store categories have weaken, entirely new companies have emerged, consumer preferences continue to evolve more quickly than ever and our competition has also evolved.

Despite this challenging environment and this changing environment, we have the opportunity to unlock our purpose, our performance and our potential. That's why we put a bolder plan in place, that's why we're taking additional actions to reshape Campbell.

That's why we're redesigning our organization and shifting our investments so we can move more quickly into the areas that hold the greatest promise for our company and our shareholders. And that's why I'm confident and you should be as well that the steps we've taken along with those that we plan to take will set Campbell apart from other food companies.

At CAGNY in February, we described three fundamental changes we were undertaking, the way we design the enterprise to align with our business strategy, the way we deploy our resources and our capital and the way we connect with consumers.

As we redesigned the Company, we're simplifying our structure and processes to improve our agility and responsiveness to consumers. We've largely completed the reorganization of our business operations into three divisions, aligning to a category first, geography second configuration.

We've also defined clear portfolio roles for each divisions to drive differential investment in those businesses with the highest growth potential. First, America's Simple Meals and Beverages, our largest division with $4.6 billion in sales and also our highest margin division, we will manage it for moderate growth, consistent with the categories we operate in and for margin expansion.

This division which includes U.S. soup will continue to serve as a key economic engine for our company for many years to come. We will continue to invest in this business to maintain its competitiveness in the marketplace.

Later on, Mark Alexander will provide details on how we are leveraging this new start to respond to today's consumers.

Second, Global Biscuits and Snacks is our next largest division with $2.7 billion in sales. Our focus is to expand in both developed and developing markets while improving margins. We have created a unified division which houses our Pepperidge Farm, Arnott's and Kelsen business. And we now have the structure and the incentives in place to invest to grow in existing markets while we expand internationally.

And finally, our new Campbell Fresh division has approximately $1 billion in sales and consist of Bolthouse Farms, Garden Fresh Gourmet and our refrigerated soup business. The fresh opportunity is so compelling that we formed an entire division around it.

Simply stated, it represents one of Campbell's most important strategic opportunities. We'll make focused investments to accelerate sales growth and expand into new categories in Packaged Fresh as evidenced by our recent acquisition of Garden Fresh Gourmet.

Look, these changes represent a big step. It's an extreme makeover for Campbell and will enable a new approach in the changing consumer landscape and the changing marketplace.

These newly defined divisions and portfolio roles coupled with several strategic imperatives for the enterprise have guided our thinking and our approach to deliver sustainable, profitable growth.

Today, I want to provide contexts on several of the strategic imperatives in the framework of our dual mandate.

First, to strengthen our core business, I will highlight how we're leveraging our company purpose as a filter for decision-making and a tool to drive greater transparency about the food we make. Additionally, I'll discuss how we're embracing digital marketing and e-commerce to change the way we engage with consumers and customers, building trust along the way.

Turning to the second part of dual mandate, I'll highlight our continued expansion into faster growing spaces including our intensified focus on health and well-being. We'll describe the steps we're taking to increase our presence in developing markets with a priority focused on Global Biscuits and Snacks.

I will also review the important role external development will continue to play in reshaping the portfolio. And finally, I'll update you on the progress we're making in transforming the organization's cost structure and our culture through our recent enterprise redesign.

Let's begin with our purpose. Last year at this meeting, I spoke to you at length about our purpose, real food that matters for life's moments. In my view, it represents the single most important cultural change we've implemented at our company.

These seven words have had a profound impact on Campbell, on our food, on the role we play in people's lives and on the actions we need to take to live up to this lofty aspiration. It has fundamentally altered how we think about our food from farm to spoon, from how our food has grown and the ingredients we select, to how we prepare our foods and the types of brand we want to add to our portfolio through acquisitions.

Today, we're talking, thinking and acting differently about the food we make. For instance, our R&D teams talk about recipes and cooking instead of formulas and processing.

When you look at Campbell, we're not too big and we're not too small. We like to think of ourselves as the biggest small company. We're fundamentally different than many of the companies that comprise the food group today. We possessed the scale, assets and capabilities of a large company and are developing a challenger mindset with the soul and agility of a startup.

If you think about it, it's not very different from our entrepreneur roots right here in Camden where we were founded in 1869.

As a result, Campbell is positioned very differently than our peers based on who we are, what we believe, the special place our brands hold in people's lives, and above all else, our commitment to our purpose.

The articulation of our purpose has created the conditions for Campbell to become profoundly open about our food with the goal of setting the standard for transparency in the food industry.

Our first step in this transparency journey is to provide more detail about what's in our food. We've initiated an important project aimed at an increasing consumer trust by providing greater access to what's in our food and drinks especially in our core U.S. soup, sauces and beverage portfolio.

At the What's in My Food website, people will be able to access a wide range of information about our foods. Through this platform, we hope to engage in meaningful discussions with the stakeholders who care and provide answers to their most pressing questions.

This is a serious commitment. We will be open and honest about what goes in our food, about how we make our food, and about the choices behind the ingredients we use. We believe that this candid discussion with consumers will lead to a new dialog about Campbell and the food we make. It will also lead to new relationships between Campbell and consumers.

To start, we will provide a rich content and information for several of our top brands in North America including our iconic Campbell Tomato and Chicken Noodle soups, Campbell dinner sauces, Campbell Slow Kettle and Healthy Request soups.

Over the next year, we'll expand our efforts to include all of our major brands in the United States and Canada and have plans to expand globally over the next three years.

We don't expect consumers to agree with all of our choices. But through these engagements, we can better explain the reasons for our choices, inform them about the implications and rationales and use their feedback as valuable input to guide the decisions we make about our food.

In fact, some of our early engagements, consumers have indicated that they would be more likely to purchase our products as a result of our transparency. That said, we know we have a great deal of work to do in this area. And that we will not be perfect on day one, but I believe it is the right thing to do for consumers, for our company and for our shareholders.

This is only step one. Step two is far more important. We anticipate this approach will lead to or accelerate meaningful changes in our products, including replacing certain artificial ingredients. For example, by the end of fiscal 2018, we're planning to eliminate all artificial colors and flavors of our products in North America.

The vast majority of our products no longer use high fructose corn syrup. And based on consumer feedback, we plan to remove this ingredient for more of our products including our complete line of Pepperidge Farm fresh breads as well as several of our soup varieties, and that's just the beginning.

These are critically important steps with far-reaching implications for Campbell. I believe these actions will strengthen our relationship with loyal consumers rekindle the connection with people who have long loved our brands but have found the alternatives and established strong new connections with new generations of consumers.

On this transparency journey, we will engage people in open and authentic way and gain understanding about the ingredients and issues they care about. It's just one example how our consumer first mindset will help us connect with people in more meaningful ways.

When you taken the whole picture, you'll see that we're fundamentally changing the way we connect with consumers. We're looking differently at our marketing activities in response to the digital shift underway.

We'll continue to compliment our more -- most effective traditional marketing efforts with dynamic, real-time, personalized marketing programs informed by data analytics. In essence, we're moving away from brand marketing to brand experiences where we earn consumer's trust instead of buying it. In this brave new world, brand building is a relationship based on shared values and mutual respect.

Over the past two years, we've built the stronger digital, social and mobile capabilities, establishing a digital center of excellence and leveraging new technology platforms. We steadily increased our digital budget over the past several years.

In fiscal 2016, we plan to increase our digital media spend to nearly 40% of our total spend. Television content will decline to 50% of our media spend next year. Some of our brands will completely eliminate broadcast from their marketing plans based on the consumer targets to better align with the way people consume media today.

To complement our digital marketing, we remained focused on growing our e-commerce capabilities, and while this represents a small portion of our sales today, we believe it will be increasingly important to our consumers and to our customers in years to come.

Let me turn to the second part of our dual mandate, expanding into faster growing spaces. As part of our plan, we will allocate a higher percentage of our resources and investments to high-growth areas.

One such area where Campbell has a long and proud history is health and well being. As I discussed earlier, one of the primary shifts transforming the food industry is consumers' preferences for healthier foods.

Today, people from all walks of life want to lead healthier lives. This in turn is driving the food choices that they make. 90% of consumers indicate that they believe that freshness is a contributing factor to health.

They believe that fresh means real, that fresh means authentic, that fresh means simple. This simplicity makes it extremely attractive to consumers who are navigating themselves and their families to an increasingly complex world.

The gravitational pull of fresh foods on consumers is strong, but it's not just consumers who care. Our customers are also responding to these evolving demands and increasing their focus on health and well-being.

It's been widely documented that some retailers are changing store configurations and dedicating more space to fresh and organic foods as they go mainstream. Campbell is uniquely positioned to provide thought and category leadership and to become the go-to resource in Packaged Fresh for our customers.

Through our new C-Fresh division, we can now bring scale and a more diverse portfolio of Fresh and Packaged Fresh offerings to help customers attract the desirable health conscious shoppers they're seeking. More than ever before, we believe we can have a much more collaborative and strategic dialog with customers.

When we acquired Bolthouse Farms, we outlined our vision for leveraging it as a growth platform by expanding it to new parts of the store and adjacent categories such as dips, sauces and salsa.

Today, we're realizing that vision with a strong branded presence in the produce section anchored by Bolthouse Farms' carrots, beverages and salad dressing. With the acquisition of Garden Fresh Gourmet, we now have a strong branded presence in the deli section with salsa, hummus and dips to complement our retail refrigerated soup business.

There were a combination of organic growth fueled by innovation and disciplined external development, we believe that our C-Fresh division will be a full-force growth engine for Campbell. And Jeff Dunn has some exciting plans to share with you later today.

Turning to faster growing geographies, we have steadily increased our focus on developing markets with Global Biscuits and Snacks particularly in Asia where incomes continue to rise for the middle class.

Biscuits are large, attractive and growing category across the globe. As with C-Fresh, we have structured our Global Biscuits and Snacks businesses under a single integrated division. This new structure is the key to unlocking the potential of this business and provides the platform to extend our powerful brands across both developed and faster growing developing markets.

We have made solid progress in mobilizing a global brands team within Global Biscuits and Snacks. We have advantaged brands such Goldfish, Tim Tam and the Kelsen portfolio that are well-suited to capitalize on consumer need states in many markets. Later this afternoon, Luca Mignini will discuss this business in depth.

So in summary, we are focused on four key strategic imperatives -- purpose and transparency in our core business, digital marketing and e-commerce expansion, health and well-being and growth and developing markets.

These imperatives are supported by two key enablers that will help accelerate our growth. One is the pursuit of smart external development. We've identified a pipeline of targets that meet our criteria across all of our divisions and are actively exploring opportunities.

Our external development team has strong relationships in the industry. As always, we're taking a very disciplined approach. Any deal has to make both strategic sense and economic sense or we walk away. Anthony will speak with you later about our priorities for using cash including external development.

The second key enabler is transforming our organization, cost structure and our culture. As part of our organization redesign, we have now uncovered approximately $250 million in annual cost savings about and beyond our existing enabler program.

Cost savings will come from three primary sources. First, the headcount reductions from reducing our expense in layers through simplification. Second, the implementation of zero-based budgeting. And finally, the formation of our Integrated Global Services organization.

While it's early days for our zero-based budgeting efforts, I'm pleased with our progress in creating an ownership mindset where employees treat every dollar as if it were their own. As you are well aware, zero-based budgeting is about much more than creating an annual budget from scratch. It is a critical tool to fundamentally reshape a company's cost structure and it's culture.

We formed our integrated global services organization to provide shared services to our divisions and our functions which will increase our efficiency and effectiveness. We have finalized our IGS operating model and beginning in fiscal 2016, we will move elements of finance, I.T., marketing services, procurement and human resources into this group.

Going forward, IGS will be key in our efforts to not only reduce cost and elevate operational excellence but to build new capabilities across the enterprise.

We believe that our new enterprise redesign inclusive of our cost reduction efforts, a new approach to how we deploy our resources and new ways to connect with consumers will be game-changing for our company and our culture. In turn, we expect this will lead to higher levels of performance.

We're moving from a decentralized company to a company that is closely linked and operates with an enterprise mindset. We're becoming a leaner, more nimble organization that puts the consumer first and is driven by an intense customer focus.

All of our people are now focused on fewer, bigger strategic imperatives and incentivized together to work together to achieve enterprise goals.

Given our strategy and industry realities, we have taken a closer look at our long-term targets. While our long-term targets for adjusted EBIT and adjusted EPS will stay the same, they will now exclude currency.

We're revising our organic net sales target to reflect the new normal in the food industry. Going forward, our long-term target for organic net sales is 1% to 3%. Excluding currency, our long-term targets for both adjusted EBIT and adjusted EPS remain unchanged at 4% to 6% and 5% to 7% respectively.

We will provide fiscal 2016 sales, EBIT and EPS guidance when we report our fourth quarter earnings on September 3rd.

At Campbell's, we have many advantages. We have strong cash flows, good margins, high market share in our category segments, high returns on capital, a strong dividend, and now, the benefits of our organization redesign resulting in significant cost reduction.

More important, the combination of reallocating our resources towards higher growth areas and aggressive cost management will enable us to deliver more competitive earnings in the next three years.

It will also afford the faster growing smaller parts of the Company more time to gain sufficient scale to become more important in the mix. And finally, we will continue to pursue smart and focus external development.

I'm proud of the actions that we've taken at Campbell to identify and stay ahead of the seismic shift, always putting the consumer first. Campbell's name and logo are about the best known in the world.

That can be a blessing or a curse. It's a curse if we take it as permission to stand still and accept the status quo. It's a blessing if we take it as a challenge to reinvent what the Company stands for and forge ahead to keep our iconic status.

That's why we'll fight to become a purpose-driven company that earns strong consumer trust by setting the standard for transparency in the food industry. A leader in the health and wellness space with a strong presence in packaged fresh and expanded organic offerings.

A more geographically diverse company with a higher percentage of our business in developing markets. A thought and category leader that our customers turn to for insights in both the center store and the fresh parameter.

A leaner, more agile company with lower overhead cost. A company with a larger portion of its portfolio growing at a higher rate and a company that's defining the future of real food.

Through our strategic imperative, Campbell's will be the best of both big and small with a challenged mindset and soul of a small company and the scale and capabilities of a large enterprise.

I believe the strategic imperatives we're pursuing will position for greater success in the years ahead. This is an immensely exciting journey and we'll ultimately result in tremendous benefits for our shareholders.

Before I turn the podium over to Anthony, I want to recognize Jennifer Driscoll's service to Campbell's. We wish you all the best, Jennifer, as you move on to your other opportunity so thank you very much.

And I also want to welcome Ken Gosnell to his new role. I'm confident that he will uphold the high standards and professionalism you've come to expect from Campbell's.

And now, it's my pleasure to give you our CFO, Anthony DiSilvestro. Thank you.

Anthony DiSilvestro - *Campbell Soup Company - SVP and CFO*

Good afternoon, everyone. Thanks for coming to our investor day meeting today.

I have a number of important topics to cover with you. I'll discuss our new division and reporting segment, our cost savings program, and the acquisition for Garden Fresh Gourmet. I'll finish with that 2015 financial performance and future outlook including our long-term target and our priorities for the uses of cash.

I'll begin by reviewing our new enterprise structure which aligns our business operations with our core growth strategies. This new division structure will be operational beginning with our fiscal 2016 fiscal year.

The largest division, Americas simple meals and beverages, brings together all of our soup, simple meals and beverage units in the U.S., Canada, and Latin America. The division includes many leading brands including Campbell's, Swanson, Prego, Pace, V8, and Plum. The division represented 55% of total company sales and with a 22% operating margin generated 71% of our operating earnings in fiscal 2014.

On global biscuits and snacks, we bring together a number of iconic brands. Pepperidge Farm in the U.S.; Arnott's, the number one biscuit brand in Australia and New Zealand; and Kjeldsen business which we acquired last fiscal year. This division contributed about one third of company's sales and 24% of operating earnings on a 12% margin.

Lastly, the new reformed Campbell Fresh division which we also like to refer to as Sea-Fresh gets a strong presence in the packaged fresh category and includes the Bolthouse Farms portfolio of super premium beverages and salad dressings, fresh carrots, Campbell's retailed refrigerated soup business and will include the recently acquired business of Garden Fresh Gourmet going forward. With fiscal 2014 sales of approximately $1 billion, the division generated about 12% of sales and 5% of our operating earnings on a 7% operating margin.

Each of these new divisions has a clear portfolio role. In Americas simple means and beverages, our core economic engine, we have expectations for moderate sales growth in line with category growth. This will enable us to focus on expanding margins through price realization and cost savings initiative.

In global biscuits and snacks, we will invest to grow our business in our existing markets. We will leverage the breadth of our portfolio by also expanding our presence in faster growing geographies both organically and through external development. We will also advance opportunities to leverage our scale and to lower cost.

In Sea-Fresh which participates in the growing $19 billion packaged fresh category, we will build our scale by accelerating organic growth in our existing categories. We will also expand into adjacencies across the perimeter of the store both organically and through external development, Garden Fresh Gourmet being a great example.

As we operationalize our new division structure beginning in the first quarter of fiscal 2016, we will move from our current five reporting segment to three, Americas simple meals and beverages, global biscuits and snacks, and Campbell Fresh. We recognize that it would be helpful to you to have historical quarterly results under the new reporting structure and we will get those to you as soon as we can.

In February, we announced the comprehensive reorganization and a three-year cost reduction initiative leveraging a zero-based budgeting approach and targeting annual savings of $200 million. Against this objective, we are achieving savings earlier that we anticipated.

We've reduced head count and realized savings across several categories including travel, consulting, and non-working marketing. As shown in the chart and including savings from our earlier cost management efforts as well as ZBB, we now expect to achieve savings of $75 million in fiscal 2015 increasing to $135 million in 2016.

Given our early success, we are increasing our annual savings target to $250 million. Of this amount, we expect the third to come from head count related savings and the balance from non-head count savings across the number of cost categories.

From a P&L perspective, about one half of the savings will impact the COPS line with the balance across marketing and selling and administrative expense. As we've disclosed in our recent 8K filing, we estimate the total cost to implement the program, the majority of which is severance will be between $250 million and $325 million through 2018.

As I mentioned, about a third or $80 million of targeted annual savings will come from headcount reductions. In our initial assessment, we identified the opportunity to reduce layers of management, improve expense control, and leverage our scale by implementing an integrated global services organization.

As we form our three new divisions and ideas, we are streamlining the organization. To achieve headcount reductions, we offered a voluntary incentive separation program in the third quarter and implemented an involuntary separation program in the fourth.

As we adopt the new operating model, we are implementing an integrated global services organization which will enable us to improve our cost effectiveness going forward as well as improve our capability to dedicated centers of excellence.

Ideas will provide services to both our operating divisions and our corporate functions. In addition to lower cost, these actions will speed our decision making and improve our agility to compete in the marketplace.

The balance of the savings approximately $170 million will come from expense reductions across the number of cost categories as we adopt zero-based budgeting. We undertook a detailed analysis of our spending in the cost categories listed.

Benchmarker spending against best-in-class competitors and set target reductions for each category. For certain categories such as events and sponsorships and travel, we are implementing new policies which are designed to reduce overall consumption.

In other more complex categories such as transportation, we are doing in-depth analysis to identify specific cost reduction initiatives. Zero-based budgeting is a comprehensive closed loop process designed to achieve and sustain cost reductions.

In fiscal 2016, we are piloting a full ZBB implementation in two cost categories and we'll expand more broadly from there. We believe that a ZBB approach will add discipline to our process enabling us to achieve and sustain targeted cost reductions. Our organization is quickly adopting this new approach as early policy changes and demand management are delivering savings earlier than anticipated.

On June 29th, we completed the purchase of Garden Fresh Gourmet for $231 million. The purchase price net of the tax benefits associated with the transaction structure is 12.5 times adjusted EBITDA.

Garden Fresh Gourmet is the number refrigerated salsa brand and also make hummus, dips, and tortilla chips. This acquisition is consistent with our strategy to build scale and accelerate growth in the rapidly growing packaged fresh category.

The business had net sales in 2014 of about $100 million and we expect the acquisition to be slightly accretive to EPS in 2016 including the estimated impact of purchase accounting. Garden Fresh Gourmet would be part of our Sea-Fresh division and Jeff Dunn will have more to say about this attractive business in a few minutes.

Moving to our financial performance, I'll start with a brief recap of our nine-month year-to-date result. Just under $6.4 billion, sales on a reported basis were comparable to last year and were negatively impacted by two points in currency translation.

Organic sales increased by 1% reflecting gains in global baking and snacking driven by the growth of Arnott's in Australia and Indonesia and growth in Pepperidge Farm driven by fresh bakery and Goldfish crackers.

Our adjusted gross margins declined 1.3 points to 34.3% as cost inflation and increased supply chain cost were probably offset by productivity gains. Following a challenging first half, gross margin improved in the third quarter as we benefited from our reduction in trade promotion spending and list price increases. We anticipate improved gross margin performance in the fourth quarter as well

Adjusted EBIT declined 4% as gross margin pressure and two points of unfavorable currency translation were probably offset by volume gains and savings from our cost management efforts. With the benefit of a lower tax rate, lower interest and strategic share repurchases, adjusted EBIT of $2.02 was down 1%.

We had strong cash flow performance in the first nine months. Cash from operations increased by $208 million to $971 million. We benefited from lower working capital requirements wrapping the taxes paid in 2014 on the divestiture of the European simple meals business and lower pension contributions. We continue to forecast a cash from operations for the full year will reach $1.1 billion.

Now, I'd like to take it through the revised 2015 guidance which we announced earlier this morning. As a reminder, this guidance is often adjusted based which excludes the impact of 53rd week in fiscal 2014.

As highlighted on the chart, our 2015 guidance includes an estimated negative impact of currency translation of two points across sales, EBIT, and EPS. Consistent with the previous guidance, we are reiterating our expectations that sales would decline by 1% reflecting the negative impact of currency translation.

We are seeing better than expected gross margin driven by the supply chain performance in our baking and snacking segment and as I mentioned earlier, we are achieving higher than anticipated cost savings. As a result, we now expect adjusted EBIT to decline by minus 2% to minus 1% and adjusted EPS to be minus 1% to 0% in the range of $2.43 to $2.46 per share.

We stated in CAGNY that we would update our long-term growth targets at this time. Looking back, we have not achieved our targeted growth rates as the growth in many of our categories has slowed and we faced challenges in Australia and U.S. beverages.

While we have made progress shifting the portfolio to higher growth with the acquisitions of Bolthouse Farms, Plum Organics, Kelsen, and more recently Garden Fresh Gourmet, a large portion of our portfolio remains concentrated in center store categories.

As a result, we are now targeting organic sales growth of 1% to 3% more in line with the growth in our categories compared to the previous target of 3% to 4%. As we pursue our dual mandate of strengthening the core and expanding into higher gross spaces, we will continue our efforts to further reshape the portfolio by leveraging external development and pursuing organic growth opportunities.

Our long-term earnings growth targets now excluding the impact of currency translation remain unchanged with adjusted EBIT growing 4% to 6% and adjusted EPS growing 5% to 7%. Our $250 million cost reduction initiative which is 3% of sales will enable us to expand our margins over time and provide funding to reinvest for growth. Based on growth rates at the midpoint of these ranges, the implied margin expansion is about 40 basis points per year.

We are not providing 2016 guidance today and we'll do on September 3rd. However, I can share with you some of the key drivers impacting our performance.

We expect gross margin to improve in 2016 as we benefit from our price realization efforts, achieve savings from cost reduction and ongoing productivity programs, and improved our supply chain performance.

While inflation has moderated slightly, we are forecasting COPS inflation in the range 2% to 3% including the adverse impact of a stronger dollar on the input cost of our international businesses. We are facing a headwind on incentive compensation of about $0.04 to $0.05 per share as we accruing to below target levels in 2015.

Currency translation will also have a negative impact. At today's exchange rates, we estimate one to two-point negative impact across the P&L.

On the tax line, we benefited from some one-time gains this year and expect the rate to increase in 2016. Interest expense will also increase with the expectation of higher rates and the Garden Fresh Gourmet acquisition.

We will still benefit from strategic share repurchases but likely a lower level than we did this year. And as I mentioned before, the Garden Fresh Gourmet acquisition will add about $100 million in sales and be slightly accretive to EPS.

Our priorities for uses of cash have not changed. First, we will make capital investments to support and grow our existing businesses.

We are currently investing to add capacity in Bolthouse Farms refrigerated beverages and to support growth of our biscuit business in Indonesia which over the last three years had achieved strong double-digit organic sales growth. We're also investing for productivity improvements with our soup common platform initiative.

Second, we target a competitive dividend payout ratio with the expectation that dividend will increase over time with earnings. Based on our current guidance, the dividend payout ratio is about 50%.

Third, we will continue to fund acquisitions when we are confident those investments are strategically compelling, will improve our growth faster and will create shareowner value. The acquisition of Garden Fresh Gourmet is our fourth in the last several years.

And fourth, to the extent there's excess cash available, we will use share repurchases as a flexible and effective means of returning funds to shareholders.

I'll wrap up with this chart. We have three new divisions and reporting segments with clear portfolio roles. We increased our 2015 earnings guidance. We revised our long-term gross targets with organic sales at 1% to 3% and EBIT and EPS at 4% to 6% and 5% to 7% respectively.

We are implementing a ZB based - ZBB-based cost reduction program designed to deliver $250 million of cost savings which will expand margins and provide funding for growth. We are streamlining our organization structure and adopting a new operating model with the formation of an integrated global services organization. We generate strong cash flows and have clear priorities for the uses of cash.

All of these actions are designed to improve our agility, to make us more competitive in the marketplace, to drive growth and to create value for our shareholders. That concludes my remarks and next up is Mark Alexander, President of Americas simple meals and beverages.

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Thanks, Anthony, and good afternoon, everyone. This afternoon, I would like to focus on three main areas, the new roles for the Americas simple meals and beverages division, the mindset required for us to be successful in a changing environment, and the plans we have to grow our business and our portfolio of iconic products during the coming fiscal year.

As you heard from Denise and Anthony, the Americas simple meals and beverages division has a clear mandate, to deliver sales growth that is consistent with the categories in which we compete of our expanding margins. This will help unlock the full growth potential of the Campbell soup company.

Starting from a strong base, Campbell's brands are iconic. They are part of everyday life in America and our products are found in more than 100 million homes in America. Campbell's Condensed Chicken Noodle Soup is one of the top 10 grocery food items and Campbell's ranks as one of the most trusted brands in America. In fact, every second, 80 Campbell's products are bought in America, mind boggling.

The Americas simple meals and beverages division delivers $4.6 billion in sales in fiscal '14. It is anchored in soup and simple meals which account for 63% of net sales. Our beverage business delivers 16% of net sales while our food service Canada and Latin America businesses make up the balance.

Looking a little more closely at our core U.S. business, we've made solid progress to improve our competitiveness. We've improved the quality of our products.

Three years ago, we embarked on a journey to bridge the gap between the chef's kitchen and our plants. Over that time, we've elevated the quality of nearly a hundred of our top-selling products and we will continue this effort, benchmarking and approving our products to meet evolving consumer taste and preferences.

Over the same three-year period, we stepped up our innovation. We increased the percent of the sales of our new products in our portfolio from 8% to 12%. We've also improved the price value equation of our products recently implementing successful pricing actions probably across our portfolio.

We've improved their points of distribution growing 12.4% during the past year. In soup, we grew shelf space in the center store by more than four-linear fee expanding phasing of faster growing products primarily in ready-to-serve soups and Swanson broth and we have made real progress in faster growing channels.

So we have made substantial improvements. But some of these actions have added complexity to our business particularly through our supply chain. Over the past three years, the number if SKUs in our portfolio has increased by more than 30%.

We've increased our reliance on co-packers as we test new products and new packaging formats. And many of these different formats such as pouches require additional warehouse space as they can't be stock and stored as efficiently as cans.

The number of pre-built and now displaying its use to merchandise these products has more than doubled and product quality improvements have resulted in a significant number of recipe changes.

At the same time, the power of seismic shifts which Denise discussed has intensified and their speed has accelerated. We've seen consumers distrust of big food companies increased. We've seen a decline in foot traffic in the center store and we are facing growing competition from smaller challenger brands offering food experiences that feel more authentic.

We are at a critical juncture and success requires more than just a shift in strategy. To compete successfully, we need to take on a much bolder challenger mindset, a mindset in which we aggressively challenge ourselves to think differently, think differently about the food that we make, think differently about the consumers that we serve, and to think differently about the way we operate.

Let's talk about these three things starting with the food that we make. Fundamentally, we make good awesome food. Our recipes use lots of vegetables, meats and grains. Nearly 200 of our products include one full serving of vegetables.

The vast majority contains no preservatives, no artificial colors, and no artificial flavors and all are available at an affordable price. But obviously, we can and must do better and we will.

We will find ways to continually innovate to improve the quality, nutrition, taste, and convenience of our food through simultaneously renovating current products as well as bringing new products to market.

Now let me be clear, we know there is no one single silver bullet move that we can make to change the game overnight because our product portfolio is broad and diverse. But we can change the game by executing an ongoing series of concrete actions to make our food more and more appealing.

Very few these moves will be monumental on their own but we believe they will collectively demonstrate that we're indeed challenging just how good and tasty and affordable our food can be and that our food is indeed real food.

In Americas division, we will start by removing artificial colors and artificial flavors from the handful of products that's still included though and we will continue to move away from using high fructose corn syrup in certain existing and new products, something we have been working on quietly for some time.

This fiscal year, almost all the new products we launched will not contain high fructose corn syrup. We will also become more open and transparent. As Denise discussed, we've created a platform, whatsinmyfood.com where we will share detailed information about our food.

In doing this, we identified the top concerns people have about packaged food and we've taken steps to address this on the website. For example, we will be very specific about the ingredients we used and even indicate which maybe genetically modified.

We will be clear about which of our products that are in cans which may use BPA and we will clearly explain why we use ingredients that maybe unpopular or that people may not be familiar with. We're doing this because people have a right to know what's in their food and because we believe in openness and willingness to talk about these issues will go a long way in building consumer trust.

Beyond this, we are challenging other ways we can think differently about how we engage with consumers. First of all, we know the experience that people have with our products is paramount and so our ongoing efforts to upgrade the quality of that experience is fundamental to creating authentically attractive brands.

We also know that people's relationships with brands have changed as new technology shapes how people eat, shop, and engage. To keep pace with these shifts, you will see us working to build more authentic relationships with our consumers through deeper insights and use of all elements of the modern marketing mix.

To enable this, we have radically changed our marketing team creating a lean flat integrated group aligned to four key disciplines, insights, strategy, innovation, and activation. The team will focus on marketing in a digital world creating one-to-one consumer experiences to content that can be leveraged across a range of channels and ways that are relevant and meaningful to consumers.

This new marketing approach is a great example of the third wave that we are challenging ourselves and that is to challenge us to think differently about the way we work.

As part of the cost cutting efforts Anthony discussed, we've significantly and responsibly reduced the divisions overhead cost. This has required us to reshape team and streamline core operating processes allowing us to operate with increased speed and agility.

It has also created the right environment to build a challenger culture defined by personal accountability and bolder more rapid decision making. And we've committed ourselves to acting like a big small food company.

We believe that to succeed in the new environment, our strategy must be powered by the right culture, a culture of a true challenger company. So let's spend some time talking about the new division and the mindset necessary for us to succeed.

Let me now moved on to the portfolio strategy and our plans for fiscal '16 starting, of course, with soup. Our soup strategy is clear, we will deliver our mandate by focusing on fewer, bigger initiatives that will attract new consumers through new usage platforms while building additional consumption by our core loyal consumers.

In previous years, we talked about launching hundreds of new products. That won't be the case today. Our plan for the coming fiscal year reflects on our focus on those actions that would genuinely move the needle while minimizing incremental complexity.

I will start by sharing our plans to attract new consumers to our soup portfolio. Here we have identified four big usage platforms, simple ingredients, irresistible kid fun, convenient snaking, and exciting dinner solutions.

First, the rapidly growing demand for food made with simple ingredients. Organic food continues to grow strongly with annual sales reaching $8 billion up nearly 12% over three years on an annualized basis.

Organic food is not new to Campbell's. We've been selling organic broth for more than a decade and organic Wolfgang Puck soups since 2008. However, in January this year, we introduced the first Campbell's branded range of organic soup.

Packaged in cartons, this soup is GMO free and uses ingredients sourced from certified American organic farms. We have organic varieties of timeless flavors such as chicken noodle and tomato as well as especially developed flavors such as lentil and garden vegetable.

During the coming fiscal year, we will extend the range launching a selection of organic soups for kids. We know kids love soup but we also know that many parents are seeking products made with simple ingredients.

These new organic kid soups will address this and be kid friendly. They will feature three varieties of chicken noodle soup including one with Disney Frozen characters on the pack.

We will also simplify the recipes for existing range of condensed soups for kids. For many years now, we have been making these without artificial colors, artificial flavors or any preservatives. But we will go one step further and remove ingredients like MSG that parents have told us they would prefer to avoid.

We will also begin to transfer these soups to non-BPA cans. While these soups may have fewer ingredients, they will be packed with fun. The first simple kids soup range is a Star wars themed soups which we will launch in August and feature eye-catching labels and pasta in the shape of iconic characters like Yoda and Darth Vader.

During the fiscal year, we will also roll out simple five versions of perennial favorites such as chicken and stars helping to build more memories for the next generation of Campbell's kids.

Moving now to our second platform, convenient snacking. Another fundamental consumer shift we're seeing is around how, when, and where people are eating.

Traditional meals have given way to a greater frequency of smaller meals and snacks. Now, more than 40% of people are snacking three or more times a day and 76% of these occasions occur at home including an opportunity for quick, hot ready meals.

We're capitalizing on this trend with eh launch of Campbell's fresh brewed soup for use in Keurig Brewers. These brewers are found in more than 20 million American households and 84% of the people who buy single-served Keurig pods also buy Campbell's soup.

Given these synergies, we have collaborated with Keurig Green Mountain to create the first savory product for Keurig Brewers. The soup pods will allow people to brew a delicious warm cup of soup at the touch of a button. Two varieties of chicken noodle soup will be launched in this month and be available in a range of formats for different channels.

A second convenient snacking initiative is the relaunch of Campbell's range of microwavable bowls. A product line which contributes $122 million in annual retail sales.

Beginning in August, we will convert more than 55 flavors of soup under the chunky healthy request home style in Campbell's brands to new transparent bowls with easy-peel plastic lids. The clear packaging will show off the authentic ingredients we use, the vegetables, the pasta, the chicken, and the beef.

Meanwhile, the improved lid design will address consumer frustration with the original metal lid. Many of our microwavable soups were part of our quality improvement program so people will now enjoy better quality soup on the go.

The exciting dinner solutions platform is for business people who are cooking - who are looking for way to create and enjoy easy authentically flavored meals. Our premium soup range, Campbell's slow kettle style is popular amongst these consumers.

Made for people who enjoy more indulgent and adventurous food, these soups are inspired by popular restaurant meals and created by our talented team of chefs. Retail sales of this range have grown 47% during the past year driven by the launch of new flavors and the creation of a premium set within the soup section. We will continue to expand our own trend selection with the introduction of new varieties.

Our Swanson broth continues to perform well and it's the go-to ingredient for accomplished and aspiring home cooks who enjoy entertaining. Swanson is the leader in the $917 million broth category.

During the past year, it had delivered $450 million in retail sales and grown 4%. We will build on this momentum during the key holiday period by focusing on effective marketing activity and excellent in-store execution.

Outside of the holidays, we will drive purchase frequency through sharing midweek usage ideas. We will also continue supporting Swanson with this successful Why I Cook Campaign which explores the emotion of cooking and resonates strongly with our consumers.

During the holiday season, we will use this campaign to reach novice and experienced hosts across the range of digital channels. After all, about 70% of home cooks search for recipes online while nearly 40% use their tablet in the kitchen when they cook.

Year round, we will encourage people to use Swanson to add flavor to their every day side dishes. A partnership with America's most popular recipe website, Allrecipes, will demonstrate how Swanson broth and stock can be used as a substitute for water to cook grains and vegetables such as rice and mashed potato.

In addition, we will introduce a new resalable plastic bottle with an easy-to-use measuring strip that will make using broth even more convenient. This is our biggest packaging innovation on the brand since we introduced cartons in the late '90s.

Finally, we will launch two varieties of unsalted broth for people looking to control their sodium intake and create uniquely flavored dishes. So that summarizes the activity you will see us put in place to attract new consumers to our soup portfolio.

I would now like to shift focus on how we will build additional consumption amongst our core loyal consumers. We will do this largely through integrated marketing activity focused on three popular and important soup consumption platforms, easy meals, heath health, and cold weather and the flu season.

First is easy meals in Chunky. Campbell's Chunky is an apologetic man food and delivered $546 million retail sales during the past year. Contributing to this success of the pub inspired was - with the success of the pub inspired range which achieved more than $50 million in retail sales.

We were build on this manly flavored innovation with the launch of a selection of craveable flavors inspired by pizza, burritos, and tacos. We will also continue our partnership with the NFL and leverage excitement around Super Bowl 50. We will use local football team hero to create high impact in-store promotions and an integrated marketing campaign for digital and social media channels.

Our classic condensed soups are the secret ingredient in millions of American meals and deliver $1.3 billion in annual retail sales. These iconic soups have broad appeal. They offer value, variety, and versatility and are especially popular among families and boomers who use them for cooking.

We will continue inspire home cooks everywhere with great ideas for weeknight meals and special occasions through integrated marketing on various digital channels including our own incredibly popular recipe website campbellkitchen.com.

Moving that to heart health, for those who are more health conscious, our healthy request brand offers a range of 42 coups which meet guidelines set by the American Heart Association.

During the past year, retail sales of healthy request condensed soups have grown at 5% driven in part by the introduction of new flavors. We will continue to build on this momentum by engaging with our core boomer consumers.

As you all know, there is nothing better than a steaming hot bowl of Campbell soup when it's cold and rainy outside or when you had the sniffles. It's not only good for the body, it's good for the soul and helps get you going again.

We will remind consumers of this and other benefits of our soups during the winter season through in-store promotions and marketing across the wide range of channels. We've had great success in the past driving sales against such occasions and will further unlock the potential of these moments with new and creative marketing activity.

We will draw together all the activity across our soup portfolio in one integrated portfolio marketing campaign. This approach reflects a shift away from the fragmented television campaigns we developed for individual brands we have shown in recent years.

Instead, we will create a single campaign focused on the Campbell's brand and executed across a balanced mix of communication channels. We will significantly increase our investment in digital media to establish more personal connections while also achieving broad reach through mass communication channels.

The campaign will be aligned to the soups strategy I just shared. It will both engage with younger consumers who maybe new to Campbell's and reconnect with our loyal core consumers by focusing on those big important soup beating occasions. And it will focus on great content featuring a collection of meaningful shareable stories inspired by the life of real modern American families.

Moving now to our simple meals portfolio where we have three principal brands, Prego pasta sauces, Pace salsas, and Campbell's dinner sauces. Prego sauces make it easy for families to prepare great tasting wholesome and hearty meals that everyone enjoys.

It is the number two brand in the $2.2 billion Italian sauce category with retail sales of $463 million. Over the past 52 weeks, Prego has delivered an 8% growth in retail sales due to the strong performance of white sauces which are extremely popular with young families many of whom are new to the brand. This year, we will expand this range launching larger family sizes of our most popular flavors.

Sales of pace continue to grow and last year, the brand generated $253 million in retail sales. It is the number two brand in the $2.2 billion Mexican sauces category and enjoyed by people who like authentic salsa.

More importantly, this strong performance and loyal consumer base of these two brands inspired us to identify an opportunity to expand beyond their existing categories. This summer, we are launching a new range of convenient shelf-stable ready-to-heat meals under the Pace and Prego brands.

The new product will bring elevated flavor quality and uber convenience to the $2 billion shelf-stable meals category. The selection of eight pasta and southwest-inspired meals are made with simple authentic ingredients and use innovative packaging.

The pouch uses advanced steaming technology which heats the food in just 60 seconds without requiring you to even open the pouch. It is also designed to be used as a bowl-free easy eating. The range which launched this month is for people who are on great tasting, ultra convenient and affordable food without any hassle.

Campbell's dinner sauces has been one of the highlights of our innovation efforts. It was launched just three years ago and it's now the foundation and the leader in the shelf-stable dinner sauce category which is worth $127 million annually and grew 11% in the past 52 weeks.

We developed Campbell's dinner sauces for busy millenials and younger families who want interesting meals that taste great but they don't necessarily have the time or the skills to create something from scratch. Instead, they rely on assembly cooking.

Campbell's dinner sauces allow people to create delicious meal with minimum preparation and give the feeling that they have actually cooked. The sauces are made with real ingredients such herbs and spices to create authentic flavors.

This summer, we are extending the range with the introduction of grill sauces making Campbell's dinner sauces a great choice all year round. During summer, 74% of Americans grill, many midweek. The majority of weeknight grill dinners involved plain chicken often because consumers don't have the time or forget to marinate.

Campbell's grill sauces are designed to be poured over grilled meat or vegetables adding instant flavor. We've also expanded the slow cooker and oven sauce ranges with new flavors and we'll continue to build awareness in-store presence of this on-trend meal solution.

Last month, we celebrated the second anniversary of Plum Organics joining the Campbell family. That acquisition was part of our strategy to expand in the faster growing spaces.

We are pleased with the progress we're making to build this brand which is beloved by millennial parents. Plum Organics has become the clear leader in the organic baby food category which is worth $350 million a year and growing at nearly 10%.

Plum grew 44% during the past year and delivered $108 million in retail sales. We continue to see tremendous opportunity over the long term to make Plum the simple meals, healthy beverages and snacks brands for babies, tots, and kids.

In the coming fiscal year, we will focus on three areas. First and most critically, we will build the core babies and tots portfolio. For babies, we will launch GrowWell, a range of purees which provide nutrients from real ingredients like chia, Greek yogurt and sunflower seed butter to support little ones' growth in their first year. And for tots, we will build under successful Mighty range of snacks introducing new Mighty Veggies and Mighty Sticks.

Second in kids, we will test and grow in new categories. We will focus on further developing the successful MashUps fruit sauce and snacks lines and we will continue to explore the potential simple meal offerings such as soup, of course, and frozen pizza.

Third, we will continue to aggressively drive the distribution to build availability of Plum Organics products across America. We will also drive efficiencies and margin improvements by further integrating Plum Organics operations.

This will leverage Campbell's scale in field sales, supply chain, customer service, and financial management while Plum will focus on marketing innovation and product development.

Plum is working to deepen its connections with this new generation of parents by positioning itself as a trusted partner and friend. This was the basis of their new digital campaign, Parenting Unfiltered.

(VIDEO PRESENTATION)

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

As you may be able to imagine, this campaign resonated with parents and has been viewed literally millions of times. We will build on this popularity and continue to drive awareness of the brand across paid, owned, and earned digital channels.

Now moving to our V8 beverage portfolio, the $7.6 billion shelf-stable juice category continues to struggle. Consumers are concerned about the high calorie content of fruit juices so we're choosing for a myriad to proceed alternatives such as fresh juices and flavored waters.

However, V8 which delivered $850 million in retail sales last fiscal year is uniquely positioned about this trend. That's because from our foundation of veggie goodness, many of our products have fewer calories and sugar than other choices.

One example is our vegetable blends range launched in January of this year. Consumers have responded positively to this selection of accessible veggie juices. In fact, Men's Fitness magazine just named our health greens Best Juice in their Annual Food Awards.

During the coming year, we will ramp up activity to drive distribution and trial. We will also extend the line introducing three new veggie and fruit flavors and launching a new marketing campaign which focuses on the veggie goodness of V8. Here is a preview of some of the themes you will see from the brand this year.

(VIDEO PRESENTATION)

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

So those - for those of you familiar with our traditional V8 advertising, this will be a major shift in the way we position the brand during the coming year to really capitalize on what makes V8 different and better.

We will also capitalize on the growth of V8 Plus Energy, a range which delivered $60 million in retail sales during the past year and is growing at t12%. This product provides natural energy from green tea and offers the pleasant taste of a combined serving of fruit and vegetables.

It has strong appeal amongst busy, health-oriented millennials who want an alternative to the strong tasting drinks which have defined the energy category. During the coming fiscal year, we will continue to evolve our energy offering and test a carbonated variety developed for the immediate consumption channel.

Our strategy to build V8 Splash into a powerhouse brand for kids is paying dividends. Retail sales of the $236 million brand have grown by 15% during the past year partly due to the strong performance of our lemonades which have attracted new users to the brand.

Our V-Fusion range continues to struggle. We are working to address this by promoting the benefits of our veggie blends and migrating users to our extensive on-trend selection of products. We will also simplify and rationalize our portfolio in order to manage cost and focus our efforts behind growing our top performing SKUs.

Across our soup simple meals and beverage portfolio, the focus on fewer, bigger initiatives extends to our activity in the store. Here we will prioritize three areas to drive profitable growth, pricing, trade promotion, and shelf productivity.

First to price, as I mentioned earlier, we took price on a range of products during this fiscal year. So far, sales of these products are performing in line with our expectations. We will continue to evaluate selective pricing actions across the portfolio during the coming year.

Second, we will continue to optimize our trade promotion strategy. We will invest in those categories, customers and critical selling activities including merchandising, product assortment, and shelving that deliver the greatest returns.

Finally, we will improve the productivity of our shelves space by focusing on driving distribution of our best performing SKUs and customizing assortments for different retailers, regions, and neighborhoods.

We will continue to develop our beverage business in immediate consumption channel. After a challenging transition, we're starting to make steady progress. We have seen points of distribution improved by 6% compared with a year ago and we will evolve our beverage range to better meet the needs of consumers on the go.

This year, we will build distribution of our core products, test new beverage formats and flavors, and optimize our distributor network by concentrating on the top performing routes. We will also remain ruthlessly focused on driving cost savings through expanding our core enabler programs such as soup common platform initiative, addressing complexity across the portfolio, optimizing our range of SKUs, and investing behind fewer and bugger initiatives.

So in conclusion, we have a clear mandate. Campbell's Americas simple meals and shelf-stable beverages will continue to be the economic engine of the Company delivering growth consistent with the categories in which we operate while expanding margins.

We will achieve this by focusing on fewer, bigger initiatives that will attract new consumers through new usage platforms while growing consumption amongst our core loyalists.

We will relentlessly focused on cost and create a more streamlined organization unencumbered by bureaucracy and empowered to act with speed and agility. And we will build a culture defined by a challenger mindset able to compete in this ever changing environment.

And we will be guided by a purpose, real food that matters for life's moments. A purpose is reflection on who we are and as we develop it, we took the opportunity to look back to where we came from.

And to our founder, Dr. John Dorrance, Dr. Dorrance was a chef, a chemist, and a food visionary. He pioneered affordable good food in America and in doing this, he had a clear philosophy that was based around these three questions, are the ingredients of a grade we would serve at our own table, does the combination appeal to our own sense of smell and taste, is the price within reach of most pocketbooks.

That philosophy is as true today as it was 100 years ago. As we work to show that our food can be real food, we will ask ourselves, are these ingredients you recognize, do these products look, taste, and smell delicious, is this food affordable to all Americans.

And as we answer these questions, we will take the steps to make food that our consumers want, food that is real food that is made with real ingredients and fits in to real lives. Thank you.

So for those of you in the room, we are now going to take a 10-minute break and for those listening on the line, we will leave the line open and be back in 10 minutes. Thank you.

Luca Mignini - *Campbell Soup Company - President, Global Biscuits and Snacks*

Okay. Is it working? All right. So if everybody can take a seat please. I'm doing some housekeeping, you know, I never manage that -m that's what my wife says.

All right. Everybody, okay. So good afternoon, everybody, and, you know, I'm happy to be here today. In my first full year with the Company, I talked to you about Campbell international and our objective to build a focused international portfolio in markets that will offer profitable growth over time and in which Campbell can effectively compete.

Worldwide, my team held this objective in mind for every decision applying operational discipline and laser focus and we are seeing results. As F'15 Q3 year to date excluding the effect of currency, we have improved our net sales and bottom line performance. This progress can be attributed to our -- driving supply chain efficiency and building a diverse talent.

In the form of Campbell international division, the largest portion of our portfolio in our growth engine was the biscuit business. As you heard Denise Morrison described, the new global biscuit net structure we have implemented combines our international biscuit businesses, Arnott's and Kelsen with North American Pepperidge Farm to form a single integrated global division.

Using F'14 full year data as a base, you can see that in this new structure, our biscuit brands contributed about two third of our portfolio net sales and our U.S. bakery business contributed about a quarter of our net sales.

Our international core business in soup, simple meals, and beverage made up the remaining 10%. And as you can see on the right in the geographic background - breakdown, just over half overall net sales came from North America, about a quarter from Australia and 11% from our developing market businesses.

Over the next 15 minutes, I want to talk to you about three main areas. The first, why are we pursuing global biscuits and snacks; second, our core markets, Australia and U.S.; and third, our primary developing markets, Indonesia and China.

So let's start with the rationale behind integrating our Arnott's, Pepperidge Farm, and Kelsen biscuit brands into a single integrated global biscuit and snack division. For the number of years, Campbell has been working toward growing Arnott's and Pepperidge Farm brands.

With the August 2013 acquisition of Kelsen, we increased our global reach and added the powerful Kelsen and Royal Dansk brands to our portfolio. To unlock our growth potential and the values of these brands, we need to manage them as a single portfolio.

Forming a unified global biscuit and snack division enable us to just that and to fully leverage the combined scale of our assets and capability across the globe. The new division structure provides a platform to grow and extend our powerful brand across our existing market and to expand into faster growing market.

Today, as I cover Australia, the U.S., Indonesia and China, you will hear our plans to extend the footprint of our key brands opening the door to realizing the value of our portfolio.

The size of our potential opportunity is huge. Globally, the biscuit and snack category is attractive and growing. It's currently sized in $92 billion with much of its forecasted growth coming from developing market.

I want to be clear though, we are not targeting the category simply because it's attractive. We do believe we have strong credibility to compete and win. In our core markets of Australia and U.S., we are sizeable businesses anchored by powerful Arnott's and Pepperidge Farm brands.

Both were founded by determined entrepreneurials, William Arnott started a small bakery in 1865. So this year in Australia, we are celebrating 150th anniversary of this brand which is, you know, quite remarkable. And then Margaret Rudkin started baking breads in 1937.

Now in the last year, Australian enjoyed more than 670 million Arnott's Tim Tam biscuits and American snack of more than Pepperidge Farm Goldfish cracker. Now in Australia just to give you an idea, 170 million biscuits means that from zero to hundred years old, each of Australian eat more likely a package of Tim Tam, each of them. So it's a lot of, you know, it's a lot of consumption.

We have also a firm foothold in some key developing markets. Within Indonesia, 1.7 billion biscuit category, the market is highly fragmented with room to grow. Our local brand, Good Time and Nyam Nyam and our successful expansion, Arnott's Tim Tam and Shapes brand into Indonesia steadily fueling growth. Additional, our august 2015 acquisitional casting group grow the iconic biscuit business into our portfolio.

Founded by Danish bakers Marinus and Anna Kjeldsen in 1933, the premium Kelsen Danish by the cookie brand is a market leader in the gifting segment of China, massive, about fragmented 8 billion biscuit category.

The Royal Dansk brand has a firmly established position in the U.S. market and is sold globally through an export network that has been enhanced by a sales office which just opened in South Africa this year.

With a huge opportunity in front of us and powerful brands in our portfolio, we are here to win and we are set in a vision - ambitious vision to become the global biscuit as snack leaders with brand by consumer around the world. I do believe this vision and the team believe that as well.

We will build our brand in their home market through consumer-centric innovation and focus investment. We will also introduce them into new markets as we were to multinational and eventually global brands starting with our iconic Tim Tam, Goldfish and Kelsen products.

To achieve our vision and deliver on our potential for the broader Campbell enterprise, I focus on these four imperatives in which we will funnel our energy and resources. The first one is strengthen our core, restoring modest growth and sustainable profitability while also bringing our portfolio by also bringing our portfolio together to leverage scale. Expanding to faster growing spaces, extending Campbell's international footprint into high potential geography where we have credibility to compete and win.

Leverage our iconic and powerful brands introducing them to new geography and accelerating organic growth. And last, optimize our organization and business model including sharing common and ambitious performance metrics and making smart cost management decision that enable us to invest in the high growth areas.

Said that we also know we have some challenges to our accounts. As Denise describe, consumer demand are changing at an accelerating phase and markets are soft in our core businesses of Australia and U.S. Overall, our portfolio and footprint as skewed towards these mature market. We generate more than three quarter of our net sales.

Our brands are mainly regionally scoped. We currently are underleveraged global potential. We are also seeing intensifying competition especially in developing markets where our mid increase M&A activity, the previously highly fragmented markets are slowly starting to consolidate.

Despite these challenges, though, our sizeable core businesses, focus of impressive growth in developing markets and powerful icon brands are strong foundations on which to grow. We are currently the number four player globally and we have a firmly established presence in each of the core markets and developing markets where we are currently focusing our resources.

So, let's take a closer look now at performance starting at the core. In recent year, Australia has been challenging for us. We have studied this volume and share with you a broad range of complicating factors as well as what we were going to do to repair the heart of our international business.

Today, I'm here to say that we are seeing improved performance and return to growth in this critical geography. We have put intense focus on turning around the Australian business including making changing to its strategy structure and capabilities. We return to the core equity of the Arnott's brand, set clear portfolio roles for products and regularize the innovation.

All with a season leadership team and a leaner strategy where decision can be made by those closest to the daily operation of the business. Overall, we are seeing signs of significantly improve performance with volume gains and retail sales growth of 3.7% that has outpaced the category growth which is at 3.1%.

However, it is important to qualify that while strong, these rebound laps one of our toughest year in the region. And my team and I will not rest until we pass the second improved year. Yes, Denise, and the third and the fourth. Got it.

Okay. So, in reaching our goal, I believe we are taking all the right steps to stabilize this critical business. Looking across key areas, we a consumer, we are digging deep into our insight to develop consumer-led innovation. Two of this year's biggest successes have been the new Tim Tam flavors inspired by celebrity patissier Adriano Zumbo and the launch of our Shapes Light & Crispy.

With our customers, we are driving stronger relationship through joint business planning and our team has delivered impressive, really, impressive execution all year from shelf set to core level of customer-specific product. And within our manufacturing network, the large scale automation project in our Virginia facility is now full up and running, driving considerable efficiency improvement.

We have also worked cross functionally to tighten our sales and operation planning process leading to more rigor and consistency in forecasting our production.

In the U.S., the biscuit and bakery markets have softened and we are working to address many of the changing consumer demand Denise described today. But in assessment to the power of Pepperidge Farm brand, despite tough condition, we are gaining share and have grown in most of our category as of Q3 '15 year to date and similar to Australia, our growth is outpacing the category. As you can see here, our key products are significantly outperforming their respective category segments.

This includes Pepperidge Farm bakery especially buns and rolls, cookie, especially Milano and Crackers, especially Goldfish. Notably, our bakery business has grown retail sales at 4.9% versus the category growth of 1.4.

We have worked across the marketing sales and supply chain teams to tighten up focus and execution improving service level and store activation. Just one example of where we are really seeing this work come to life, we deliver impressive holiday results over the key bakery drive periods of Memorial Day and the fourth of July. Now, July 4th is my birthday, so I'd like also to thank the team for such a good job in such an important day, not for my bday obviously but.

Okay. So, we are still in early days in our new structure but this growth, in part, can be attributed to applying operational rigor and focus. We are doing fewer things and executing them with excellence. Moving to developing market. Last year, I explained that we had four strategies for Indonesia. Invest in our brands, expand general trade distribution, increase manufacturing capability and capacity and enter the savory biscuit category with our popular Australian Arnott's Shapes brand. So, as we approach the end of F15, our core Arnott's brands, Good Time, Tim Tam, and Nyam Nyam continue to perform exceptionally.

Aided by marketing investment and flavor innovation. We increase distribution by nearly one-third in the general trade making progress toward our goal of replicating the number four position we have in the monetary. We are live with the first phase of our manufacturing investment in the (inaudible) side. The expansion allow us to produce single fair, highly portable packaged sizes that are critical to capitalizing snacking behavior.

And also, we introduced Arnott's shapes successfully entering the 300 million savory category segment. Overall, this strategy have drive Indonesia solid double digit massive growth during the nine months of F15. This, excluding the impact on currency.

It is important to note, though, that Indonesia is not without its challenges. This critical development market starting to see some economic headwinds softening on marketing momentum. We are continuing to drive our core strategy with other emphasis on managing margins while we strengthen our brand and we scale up our road to market.

Within China and Hong Kong, we drove moderate - moderate message growth directly connected to the strength of Kelsen brand equity and the team drive increased compliance and discipline with our distributor. We also continued to leverage the Kelsen team current growth to market and employ the cluster approach to expand our ability - our availability in target areas within the eastern city as well as maintain our leading position nin the southern city.

The team started a project to collect and deeply understand consumer inside ultimately paving the way to strengthening our brands and pose a difference for F16.

So, switching gears, now, from recent performance to future growth drivers, I want to go back to our first strategic imperatives and discuss the way we direct our resources to have delivered our vision. Starting with strengthening our core, we must restore the U.S. and Australia business to improve level of growth and profitability and maintain momentum in Canada.

Within the U.S., this means challenging, channeling our resources into three strategy for our Pepperidge Farm brand. First, we will increase market share by focusing investment on two priority brands, our Goldfish team, will increase investment in our successful goldfish marketing campaign as well as expand its whole gray line to include new flavor such as pretzel, honey, and cinnamon.

We also plan to launch three flavors or Goldfish made with organic with this would be cheddar, parmesan, and original. And leveraging the strides we made in the digital space, our Milano team will launch and enhance the integrated marketing campaign to better connect with our consumer.

Second, we will fuel the momentum in our fresh bakery portfolio by investing in our farm house and our Farmhouse and brand equity launching innovative new breads and improving our capabilities to meet growing demands for buns and rolls.

And third, we will apply discipline focus to our innovation program building a smart pipeline and leveraging our global R&D capabilities to create consumer driven innovation. So, we have a innovation center in U.S., an innovation center in Australia which now are going to be working much closely, you know, under one single head.

Within Australia, we will continue the work we started to stabilize the Arnott's business and return to growth including improving our core shape products, continuing teams to momentum, shifting our marketing mix toward digital and driving consistent high performance in our supply chain.

Moving to expand into faster growing spaces, mainly, we will apply our resources to accelerating growth in markets where we have an existing operation across Asia and Latin America. In Indonesia, as I mentioned, we will continue our successful formula by investing in marketing, innovation, and capacity along with driving general trade distribution, all with a close eye on margins and economic headwind.

In China, we will invest to drive distribution and increase velocity as well as strengthen our team capabilities by increasing local accounts in key safe and marketing rows. A local team, with strong category knowledge and distribution expertise would be critical as we continue to improve upon our go-to-market model and deliver high quality consumer communication and customer partnership.

In addition to organic expansion, we remain committed to smart external development with priority emphasis on expanding our foothold in Asia and then Latin America. This includes a broad range of method of entry from acquisition to joint venture and commercial agreement.

Next, we will work to be as multinational and eventually global brand with large potential for growth such as Tim Tam, Goldfish, and the Kelsen portfolio brand. We will invest in a small nimble group of highly focused resources charged with category development and growing Campbell beloved biscuit as snack brand into multinational actions.

An early example of this effort and of how we are leveraging our combined scale and capability as a single division can be seen in the January launch of Tim Tam in U.S.

We have tried in the past to introduce this classic Australian product to the U.S. market but in counter supply and distribution issues. Now, as a unified team, with a line objective, we are leveraging the combined power of our Arnott's manufacturing capabilities and our Pepperidge Farm sales and marketing resources.

We are very pleased with the result today. We are currently selling in target stores with sales and velocity exceeding our expectation. Our plans for F16 would include expanding to three additional retailers. We'll also look for opportunity to potentially introduce U.S. product into Australia and extend our Kelsen presence into the northern and western Chinese provinces.

And fourth, we are working to optimize our global organization and build a sustainable business model. We must have the right people with the right priority who are in power to be successful.

We have two main goals here based on leveraging our food portfolio to make priority tradeoff decision. First, we will improve our cost structure so that we can expand margin and fund growth areas. We have just completed worldwide organization restructure aiming decreasing layers of management and increasing span of control and we've continued to look to maximize manufacturing efficiency.

Second, we will invest in the infrastructure we need to expand and grow. This means our go-to-market model in China, increasing our manufacturing capacity across Asia and establishing a Europe, Middle East, and Africa hub by leveraging our Kelsen infrastructure in Denmark to operate both biscuits as well as soup, simple meals, and beverages.

So, we've covered a lot of ground literally and figuratively in the last 15 minutes. The newly formed global biscuit snack division brings together a broad range of theme across geographies.

To briefly summarize, a few key points, we will leverage our combine scale unifying our biscuit brand into a single portfolio operated by leaner structure. We will work toward building global brands, employing centralized strategy and small nimble theme to preserve the equity of our iconic brand and extend them within and beyond their own markets.

We will expand Campbell international footprint leveraging our existing infrastructure to introduce and grow our brand as well as pursuing smart external development.

And looking more broadly across the globe, we will also continue to focus on managing our international soup, simple meals, and beverage business with a disciplined approach and a close eye on the bottom line and then emphasizing talent by identifying and developing the right people for key roles and empowering them to run their areas of responsibilities and I do believe - I do believe this is probably the most important part of my job.

So, in a nutshell, we will bring a global enterprise mindset to managing in locking the value and potential of this division.

So, I would like to thank you and call Jeff Dunn who's going to share some exciting news on Campbell Fresh.

Thank you.

Jeff Dunn - *Campbell Soup Company - President, Packaged Fresh*

Thank you, Luca.

Good afternoon. I'm a - I'm delighted to be here again with you this year to talk about our new Campbell Fresh or shorthand C-Fresh division and our plans to drive full force growth in the coming years.

To begin with, I'd like to focus on a number of key trends that are impacting us on the marketplace. First, as Denise mentioned, there's been a seismic consumer shift towards better-for-you products.

Now, we certainly understand that the consumer defines better-for-you in lots of different ways. But most relevant to C-Fresh in our business is that consumers want to eat fresher and healthier. This trend, along with concerns about specific ingredients has created conditions for the refrigerated fresh and better-for-you categories to grow at a rate faster than food in general.

Many retailers were taking advantage of this trend and as a result, the quantity and quality of fresher options are expanding rapidly on the perimeter. Obviously, the ultimate goal for retailers is to attract more consumers to their stores and they're doing this by differentiating themselves especially through their own brand offering and the expanded fresh branded perimeter offerings in their stores.

Another critical trend is the emergence of new competitors that are impacting both traditional channels and new channels such as online and direct-to-consumer. These competitors are offering consumers new products as well as new access to fresh food in ways that never have been there before.

And finally, feedback from our retailers about the fresh perimeter categories we compete and confirms that they're looking for a balanced approach with their own store brands as well as as national brands, helping them grow their business.

So, let me introduce you to C-Fresh division which includes the Bolthouse Farms and refrigerated soup businesses along with Campbell latest acquisition, Garden Fresh Gourmet.

Combining these three businesses that advances our long-term strategy, that is enabling us to capture more of the package fresh opportunity by attacking both the produce aisle as well as the deli department through our expanded product portfolio.

This slide illustrates the categories we penetrated beyond fresh including refrigerated hummus, salsa, dips, sides, soups, together with, of course, our premium juice and refrigerated salad dressing businesses. We believe these product portfolio positions us well to win in the marketplace.

As Denise outlined, the C-Fresh division plays a significant role for Campbell which is to expand us in the higher growing spaces. We'll do that by strengthening our core while we continue to drive breakthrough innovation.

Executing on the core for Bolthouse and Garden Fresh Gourmet, we'll focus on ACV expansion, combine with strong category management. When it comes to breakthrough innovation, we believe that accelerated growth can be achieved by leveraging the existing C-Fresh made-to-order refrigerated platform.

This operating platform is robust and with the addition of refrigerated soup and Garden Fresh Gourmet businesses, we can now fully leverage it across a whole new set of categories including snack, soups, sauces and simple meals.

Our goal is to be seen as the go to resource for package fresh innovation across its array of categories throughout the perimeter of the store for both our branded offering as well as our customer branded offering. We believe the ability to partner with retailers, to drive a total category approach including innovation will allow us to differentiate ourselves in the produce and deli parts of the store.

We've organized division to drive focus on the marketplace by having Bolthouse Farms focused on produce and garden fresh gourmet focus on deli.

Let me review Bolthouse Farms. As you can see from the chart, it includes both our farms and CPG businesses. Within farms which represents about 57% of net sales is our fresh retail carrot business as well as our natural ingredients business which is our byproduct business, mostly carrot juice concentrate.

Overall, carrot category consumption has been soft for the last 12 months but the good news is Bolthouse Farms retail carrot business is stable and gaining market share.

The carrot concentrate business has softened a bit this year to weakness in the Japanese market. The Bolthouse Farms CPG business currently consists of super-premium beverages as well as salad dressings. These products represent about 43% of net sales for Bolthouse Farms and you can see that both categories, juice and salad dressings, are showing solid growth.

Our retail carrot plan is pretty simple and it starts with expanding distribution in the growing segments including organics and premium carrots. This is where consumers are going and these product areas are growing much faster than the category as a whole.

Next, quality and service for produce are critical variables for our success and we're laser focused on continuing to drive strong results in these areas.

Finally, we continue to find ways to leverage technology, to become more productive and sustainable on our farming practices. When you put these three things together, you can see our strategy is working. In the past year, Bolthouse Farms carrot business has grown by three share points and now represents roughly 53% of the total poundage of carrot sold in United States.

The beverage update is incredibly exciting. We've built this business over the last seven years following a clear game plan. First and foremost, this is an innovation driven category and we continue to innovate with new flavors, sizes, and even new brands. This year, we launched a blueberry banana almond milk which we call BBAM, an expanded breakfast smoothies on watermelon mint lemonade in the new sizes.

There's more, a new ultra premium organic brand, 1915 recently hit retailer shelves and we're incredibly excited about the potential of this brand. Finally, we'll continue to incubate around the Bolthouse Farms kid platform to drive trial and awareness with emerging consumers.

Moving on, we believe one of the secrets to building this beverage category in our brand is partnering with retailers to optimize merchandizing by testing new approaches. Last year, we ran a dual location test with one of our large customers by placing Bolthouse Farms beverages in both produce and dairy departments with unique SKUs.

This drove a 78, yes, 78% lift in those stores. We believe this clearly demonstrates that this category requires more space and broader impact in store to realize its full potential and the results of this dual location test proved it.

Finally, Bolthouse Farms continues to expand distribution in a needed consumption channel. Over the past three years, we've built to 27,000 new points of availability in this important channel. If you look at performance for the last 52 weeks, our beverage business has grown retail sales by about 12% and held market share 33%, a solid performance per share.

Ultra premium segment which consist of multiple brands has really grown in the past couple of years, three years ago, it represented about 6% of the category. Today, that's 16% and it continues to grow.

Quick response to this trend led to the launch of 1915 and our ability to quickly respond to emerging consumer trends is a critical capability for our future growth. One of the things about 1915 that we're really proud of is we developed this brand soup to nuts in less than 12 months in order to take advantage of the emerging cold press trend.

1915 was specifically built to meet the expectations of cold press juice consumers. We start with five flavors of high pressure - high pressure pasteurized product, say that three times fast, that are organic, cold pressed and non-GMO. 1915 plays a clear role in our beverage portfolio starting - sitting at a price point or two above our current juices, yet at a value price compared to our cold press juice competitors.

We have high hopes for this brand as we build a national distribution over the next 12 months. Let's shift geers to salad dressings which has sseen strong double digit growth over the past three years. Again, this growth is driven by innovation in the consumership to better-for-you products. We recently launched two new flavors, cream balsamic and caramelized sweet onion.

But innovation isn't the whole story in this category. We've learned that by focusing resources to drive distribution and awareness on power SKUs like cilantro avocado can deliver amazing results.

In the past year, cilantro avocado has become the fastest selling SKU in this portfolio rivaling classics like ranch and blue cheese. By making expansion of this a top priority for our sales team, we've not only grown ACV from 12% to 42% in 12 months but this item has become a major incremental contributor both to us and to the category for the retailer.

Now, let me introduce you to our new Garden Fresh Gourmet business unit which is comprised of the Garden Fresh business we recently acquired as well as the perimeter fresh soup business targeted the deli part of the grocery store.

The categories represented in our Garden Fresh unit, refrigerated soups, salsa, hummus, dips, are all showing solid category growth. We believe that by focusing them on a single unit focused on products that are primarily merchandised in deli, we not only strengthen our relationship with retailers but also position ourselves to leverage the Garden Fresh Gourmet brand across a whole range of snacks where we currently are, soups, and simple meals.

The Garden Fresh Gourmet business is a great American success story. Jack and Annette Aronson has spent the last 16 years building this business and what they've built is truly remarkable. Incredible products great relationships with consumers and retailers and ultimately a truly authentic brand story. To us, this was a recipe for a great acquisition.

So, how do we take this great business that Jack and Annette built and grow it? Well, our strategic priorities are very focused. We'll first and foremost going to accelerate growth to expanded ACV. This has been primarily a brand available in the Midwest and northeast. We'll also leverage our marketing capabilities to build brand and product awareness and drive trial.

Garden Fresh Gourmet like Bolthouse Farms has a great innovation track record and operates on categories that drive on innovation. Garden Fresh Gourmet will be integrated into our existing refrigerated supply chain platform from a manufacturing logistics and distribution standpoint. This is going to drive more efficiency which will then translate into improved productivity and ultimately expanded margins.

The refrigerated soup business which is mostly retailer brand driven today hinges upon servicing the needs of our retail partners. We'll continue to do that with excellence while at the same time, accelerate our efforts to develop a more compelling and differentiated branded offering by leveraging the technologies and capabilities as a C-Fresh made-to-order supply chain platform. Stay tuned, there's going to be lost more to come on that subject.

As we think about the C-Fresh division and supporting long-term growth, we've identified four critical capabilities that will be required at enhanced levels from today to capture more of the package fresh opportunity and connect with the fast changing food consumer.

First, we'll leverage our existing marketing capabilities to continue to build and invest in high engagement marketing tactics really focused on social and digital. It's no surprise that today's consumer is most affected by word of mouth and social, media, and digital content play incredibly important part in that word of mouth. Expanding that capability, the Garden Fresh Gourmet will be an important next step.

Second, we'd learn more about how to drive innovation in our categories and are evolving our approach to incubate more ideas. Refrigerated products have shorter shelf life. They need to be developed bottom up and we're building the capabilities to execute more incubation at the point of attack.

Third, we've already made significant investments over the past three years to build a best in class operating and supply chain platform for refrigerated products and we'll build further capabilities in order to support our broader portfolio as we go forward.

And lastly, within sales, we'll leverage and deepen our relationships with retailers to become true partners and thought leaders in fresh perimeter categories by driving enhanced customer management debt, more category management expertise and, finally, an innovation co-development approach with our strategy customers.

As Denise mentioned in her presentation, a new food consumer has changed dramatically. They not only have higher equality expectations regarding what's in their food but also different expectations about how it's made, marketed and distributed. Consumers are questioning the value of big brands and becoming increasingly loyal to more approachable brands which make transparency a priority.

They're rejecting traditional marketing tactics and expect brands to earn their trust through a two-way dialogue. We've made a lot of progress in this area as a company and planned to leverage those skills while building those capability to develop those two-way relationships across all of our C-Fresh portfolio.

Here, you can see an approach to innovation and incubation which focuses on new flavors, brands, platforms, and ultimately new businesses we could partner with. But let me - let me focus on platforms.

As I mentioned earlier, innovation is critical to driving growth on the perimeter. That said, fresh innovation is different and can be much more complex than the center of the store given short shelf life and less standardization across retailers.

To move quickly, innovation needs to be flexible and built from the bottom up by partnering with retailers to incubate new ideas. This is why we're adding capabilities to support more incubation tests which will drive faster learning, enable us to move quickly with great ideas and ultimately become that go-to-resource with fresh innovation expertise. The C-Fresh operating platform expands with the addition of refrigerated soup business and the manufacturing capabilities of Garden Fresh Gourmet in Ferndale, Michigan.

This map is a great visual providing a glimpse of our four-corner supply chain strategy. As you can see, the C-Fresh division will have carrot and CPG manufacturing in multiple sites across the country with strong distribution capabilities on the West Coast, Michigan, Texas, and, of course, the fresh logistics hub, in Chicago. This provides a great plug and play capability for further bolt-on acquisitions.

Let me wrap up by summarizing what we've determined to be the critical success factors in fiscal '16.

First, we'll focus on maintaining our share and profitability in the fresh carrot business. This is a much slower growth area that contributes significantly to overall profitability. The expansion of our new ultra premium brand 1915 is also a top priority.

As I've said, super premium beverage business is highly innovation driven and 1915 represents a whole new brand that's sure to satisfy our consumers' thirst for organic cold press juice. At the same time, now, with an expanded beverage portfolio, we'll have the opportunity to leverage different brands and price points to drive sustained growth and market share in this dynamic beverage category.

The integration of Garden Fresh Gourmet and refrigerated soup business is another key priority for fiscal '16. We'll be working diligently to add these two units the existing fresh platform which will reduce cost and then continue to build scale.

And finally, we'll significantly expand marketplace penetration and impact at store level of the Garden Fresh Gourmet brand and refrigerated soup portfolio by building deli selling and category management expertise to be leveraged across all of our product areas.

As Denise mentioned, the role of the C-Fresh division is to expand into growing - faster growing spaces by accelerating sales growth within the package fresh categories. With that as our goal, we're building a robust portfolio branded offering as well as the operating capabilities to sustain that growth over time.

It's been great to be with you this afternoon. Thank you for listening.

QUESTIONS AND ANSWERS

Jennifer Driscoll - *Campbell Soup Company - VP IR*

All right. Let's give him a hand.

Okay. Thanks to Campbell management. I'd like to bring you up front now. We're going to begin our Q&A session. So, for our audience, thanks for listening to us patiently. We'd like to listen to you now and answer the questions that are on your mind. You can indicate you have a question, of course, by raising your hand.

We've got two or three microphones and I see Ken right here and we have Brian over here. Ken Goldman, JPMorgan.

Ken Goldman - *JPMorgan - Analyst*

Thank you very much. Beyond the ramp of the cost cutting programs, why do you think that the EBIT and EPS targets long term are going to - or should remain that they were prior, right, even though the sales targets were lowered, right? I guess I'm curious because unless you're really getting incremental savings kind of beyond what you've announced already and you do this on an ongoing basis, your kind of implying that the core margin will improve from here unless I'm missing something and I'm not sure that - how that happens given some of the mix effects, you know, going away from the canned and then soup business. I'm just trying to understand a little bit better the thought process behind the long term guidance.

Unidentified Company Representative

I would say a couple pieces to that. Is in the near term of it, if you start with 250 million of cost savings which is about 3% of sales, right, put it over three-year debt about at point, if you look at the margins that are implied in a long-term guidance as they said earlier, it implies about 40 basis points of margin expansion, right?

So, a part of that one point each year of cost savings go into the bottom line part of it about half is getting reinvested, right? So, the idea here is as we go through the next three or four year period, we need to continue to push the portfolio to higher growth to move to that higher end of that 1% to 3% top line growth.

And then if you consider the 4% to 6% EBIT against that, there really isn't a lot of margin expansion. In fact, there's cost leverage that gets most of the way there. So, the idea here, right, we have a window of time that we need to continue to get better growth out of our core categories and continue to push the portfolio and reshape it through external development to higher growth space.

Ken Goldman - *JPMorgan - Analyst*

Just a quick followup, does that mean then if you get 1% growth, for example, that four to six is out of the question or --

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Unidentified Company Representative

No.

Ken Goldman - *JPMorgan - Analyst*

Is it still within your realm of possibilities there?

Unidentified Company Representative

Still within the realm.

Ken Goldman - *JPMorgan - Analyst*

Okay.

Jennifer Driscoll - *Campbell Soup Company - VP IR*

We have Brian Spillane, Bank of America Merrill Lynch.

Brian Spillane - *Bank of America Merrill Lynch - Analyst*

Thank you. You know, couple of questions - two questions on package fresh, first, just in the presentation, Jeff, you made a reference to maybe scale acquisitions or building scales. So, if you can just add some color in terms of what that would - what that would mean.

And then second, you know, earlier this week, you had UNFI get dropped by Albertsons and yet at the same time, Albertsons wants to grow, I think double their - significantly expand their business in organic and natural, sort of make the teams like there's an implication there that, you know, that the industry is outgrowing the current distribution and so is that sort of a source of opportunity for a bigger company like - like Campbell's to take advantage of kind of a need now for the retailers to need a more robust supply chain.

Jeff Dunn - *Campbell Soup Company - President, Packaged Fresh*

Yes, let me flip the questions and answer the second one first. What we feel from across the board most of our certainly retailed customers is a great thirst to have some more scale partners on the perimeter. You know, there's a few but it's very fragmented and then they've got their own brand needs which, again, very fragmented from a manufacturing, so there's no question as we've talked about our strategy for package fresh.

We have a very receptive audience there because they're looking for people who can do it beyond the kind of historic up from the ground, organic and natural brands that tend to be small and went through UNFI and others. So, there's no question. We're seeing a lot of - a lot of interest there from a customer.

From a margin standpoint and what we think about building scale, if you think of our business, we've got fresh carrot business and then broadly stated CPG which is all these other categories, you know, when we talk about building scale, one is manufacturing and distribution scale with the customer in these new categories which is really critical to us and we've invested in the last three years to build a lot of capacity, the entire pressure pasteurization to new beverage line is coming on so we now have been chasing, you know, growth with our operating model because we've been behind our ability to service it.

We've now taken a big step up so we can service that growth so the more volume we push through it, we should get a real pump up and then our platform is such that if we can find other kind of target external development, there are fraction and usage PP or other manufacturing similar to what we have inside, they're very simple to plug in because the go-to-market is also established.

Brian Spillane - *Bank of America Merrill Lynch - Analyst*

To the scale is potentially acquiring products or brands that was using your current manufacturing --

Jeff Dunn - *Campbell Soup Company - President, Packaged Fresh*

Almost classic kind of M&A thinking. You know, you built this platforms. And now, if I can find things that run through the platform, it's going to get us higher growth and higher returns on that --

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

It becomes a chassis. And yet, the other thing, just to build on what Jeff said is that the perimeter part of the store and in this whole package fresh area, there isn't much category management. I mean, this is an expertise that we can bring from CPG into this space working collaboratively with our retailers to grow on a very disciplined way. So, we think that's a huge opportunity.

Jennifer Driscoll - *Campbell Soup Company - VP IR*

David?

David Palmer - *RBC Capital Markets - Analyst*

Thanks. This is a question for Denise or maybe Mark. There was a team of or you mentioned the lack of trust for big brands, that's something that many companies are wrestling with with their core business. You know, there seems to be a journey on renovation that's going on for many companies and you talked a bit about that.

I wonder, do you feel like any of your products are close? Close to an inflection point where that trust will come back? Perhaps it's certain critical renovations that are happening in the next season or have happened recently where you feel like you're going to get to that level where the acceptance is going to start to get better on a core rather than this be this ongoing journey that I feel like many food companies have where you're not really sure when that trust will really come back?

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

I'll start and then you can jump in. First of all, Campbell does enjoy some very good consumer trust. We do have opportunities to build our business with the next generation of consumers and engage them in a more - in a dialogue that continues to build trust with that generation.

But I think we're at a - we're at a good starting point. Our message is we're not taking that for granted. We know that has to be earned every single day. And the criteria has ratcheted up.

And so, we're continuing and that's why we describe it as a journey to improve our brands, improve our offerings to consumers in both millennial and boomer generations to continue to earn that trust.

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Yes. So our starting point is good. I also think the answer to your question kind of is no. I don't think there's, like, a tipping point where all of a sudden there's a rush back in, like I said in my speech, it's not a silver bullet here. I think it is a 20-mile march.

You know, we started a while ago. We've improved a hundred products. One of the reasons that we're much more competitive across on our core categories, you know, our market shares are respectable across the board including soup is because of the investment we put back in our products.

In fact, that we're starting to get out there and talk about things, we're already 95% no artificial colors, no artificial ingredients, no preservatives. You know, we have a good story to tell. So, I think it's going to be steady improvement as we do a better and better job of meeting that consumer where they wanted to be.

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

I think one of the things we've realized though is how important it is for us to tell our story and the whatsinmy food.com gives us an opportunity to be very transparent about that story.

Jennifer Driscoll - *Campbell Soup Company - VP IR*

Thanks, Mark. And that was David Palmer, RBC.

Andrew Lazar - *Barclays Capital - Analyst*

Thank you. Mark, this one's for you. It sounds like a little bit like Campbell's heading towards more of a master brand strategy in soup. And as opposed to like brand-specific messaging and I want to get a sense first if that's accurate and then, you know, if it is, I guess, are there any concerns that consumers, at least in this space, tend to buy, you know, brands for their specific attributes and, like, going back to chunking, what it's core messaging in consumer was and I guess the track record in the industry broadly around going to more of a master brand, I guess, it's been pretty mixed, if not even a little bit less successful. So, I wanted to get your perspective there.

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Yes. And I think that's a good question, Andrew. I think there's a number of different ways to approach a higher level brand campaign. So, the answer is yes.

So, we've fundamentally changed the way we've organized marketing. From a classic brand management structure where every little segment has a budget, has an innovation program, has a marketing campaign to flipping it into activity so our brand activation is being managed by one group.

So, there will be one Campbell's campaign. Having said that, that doesn't mean it's just a bunch of anthem ads saying Campbell's is a great company, Campbell's is a great brand. We're going to be talking about very specific, you know, consumer needs, really organize the way I presented them.

So, for instance, Campbell's has a solution for you when you are on the go and you want something hot, you know, simple and easy. Here are the new microwaveable clear bowls. Here are the new Keurig fresh brewed soups.

So, the stories will be told through the individual product lines and the individual brands. But rather than having a campaign for fresh brewed soups, a campaign for microwavables, a campaign for everything, we'll aggregate those into broader ideas. But very specific ideas around consumer needs, states and benefit areas.

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

And the underpinning is how to get more consumers to eat more soup more often.

Andrew Lazar - *Barclays Capital - Analyst*

And, Mark, isn't that easier to do with kind of leveraging kind of TV through digital?

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Yes.

Andrew Lazar - *Barclays Capital - Analyst*

Yes, because you can refine the messaging down --

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Exactly.

Unidentified Company Representative Great. You discussed external development as one of the contributors to portfolio growth. Can you talk a little bit about how much flexibility you see in your credit rating to support the pipeline of opportunities that you're alluding to?

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Can she repeat the question? Can you repeat the question?

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

If the volume wasn't high, where you wondering how large of an acquisition we might do?

Unidentified Company Representative

Maybe talk about a little bit of flexibility - the flexibility that you -- can you hear that? All right. Great. So, specifically about the flexibility that you see in your credit rating to support the pipeline of opportunities that you were alluding to before?

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Yes. I think that we consider acquisition. Obviously, there's a number of things to consider. One is, you know, there has to be on strategy in terms of the geographies and the categories. Obviously, you have to make economic sense. Obviously, the multiples have been pushed a bit high and the third is, third and fourth is, you know, the managerial capacity to take on the acquisitions. And fourth would be the financial capacity.

And I think we do have a pretty strong credit rating, pretty strong balance sheet and we do have, you know, financial flexibility to do acquisitions. I think the acquisition of Bolthouse Farms a few years ago is a good example how we used our credit and our balance sheet, you know, that EBITDA went up a little bit. We've worked it back down to the point where we've resumed share repurchases.

So, I think we have a fairly well balanced situation here. So, like I said, there's many constraints that have to go into that decision but I think the financial capacity isn't necessarily our overall constraint. I think it's more of a the number of potential targets at reasonable prices.

Unidentified Participant

Thank you.

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

We're going to take Jonathan Feeney next from Athlos and then back over to Rob Moskow, Credit Suisse.

Jonathan Feeney - *Athlos Research - Analyst*

Thanks very much, Jen.

A question for Jeff and then a broader question for Denise. Jeff, I was just - kind of a detailed thing about a couple of your slides, what you - you talked about 12%, I think, beverage growth in Bolthouse and then 27,000 new doors at the same time. It seems like an awful lot of new doors and distribution for just 12,000 growth but there might not be - the ladder might not be captured in the former.

So, could you give us an idea what the sort of same store looks like on your, you know, Bolthouse beverages before, you know --

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Jeff Dunn - *Campbell Soup Company - President, Packaged Fresh*

Yes. So, the 27,000 consumption doors, think about that as I think we average like three and a half SKUs per door, mostly convenience stores, some drug stores. So, the velocity per door is, obviously, much less. But we - we just basically, three years have got no immediate consumption business. It wasn't a priority in the P/E days and we've been building that - we're progressively getting the velocities up so it's contributing more but it's not a major contributor to growth, I mean, a moderate contributor to point, point and a half of growth this year so that - that's one way to think about it.

And the 12% was really our retail, you know, MULO data, so that - that last 52 weeks in, you know, in groceries. So, I don't see it as much as a, you know, it's a little accretive to us on the growth rate but it's really important to continue to get the brand out there. I mean, we just didn't have a lot of remediate consumption. It will also be important for 1915 because these are brands that tend to incubate. We were a bit of an anomaly that we started in grocery stores and worked out. So, you know, I think it's important for us to continue to focus on that immediate consumption part of the business.

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

Yes. And most beverage businesses, the single serve immediate consumption is about 50% of the business and full profit. And fresh has some constraints because of the supply chain, getting in to the stores, and the capability of the retailer to accommodate fresh but that's growing too. So, we see this as a really nice opportunity for both Bolthouse Farms and also for V8.

Jonathan Feeney - *Athlos Research - Analyst*

And just, Denise, you talked on you - one of your slides about a 40% increase in digital media, do you - I mean, kind of simplistic question maybe but how well --

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

It was - it was actually 40% of our total media spend in digital.

Jonathan Feeney - *Athlos Research - Analyst*

In digital, would be in digital and that's up from next --

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

Twenty.

Jonathan Feeney - *Athlos Research - Analyst*

Close to zero five years ago?

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

Right. That's right

Jonathan Feeney - *Athlos Research - Analyst*

So, that period of time has been a, you know, has had its ups and downs but more or less a little bit less total advertising spend. I mean, do you - how well do you understand the return your getting on that digital media spend and maybe how much a little bit less traditional media spend, one of the tradeoffs there how that might be hurting some of your business to spend a little bit less that way. I mean, I guess, how good is your data on that, how do you think about it and quantify those decisions?

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

Well, I think, overall, we like the digital space because it better enables us to target to specific consumers in that space and it's not one size fits all. There are some brands right now that are 100% digital. I mean, Swanson's is pretty close and then there are others that really totally rely on TV up until now. I think condensed soup was largely a TV-marketed brand.

But maybe you guys can talk about how you approach the return?

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Yes, I mean, I think it's been a learning experience. So, we've gone from zero to 20%. Now, we're going to double down on it but we've had a huge amount of experimentation. As Denise said, some brands have gone all the way to 100%. We've been able to see what Bolthouse Farms does, what Plum Organics is 100% digital. They've never spent a penny on broadcast.

So, we've learned a tremendous amount as a company over the last few years about how to do this. We brought in new capabilities, hired new people. The marketing phases looked different.

We built ROI models to the degree they're useful, you know, it's always hard to to measure some of these stuff. But, you know, we have a level of confidence now on what's working, what's not working, which brands respond, which consumer groups that, you know, we're ready to really, you know, advance that investment significantly.

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

I think regardless of which, you know, which form of media you're using based on the consumption of the target, it ultimately comes down to are you increasing your household penetration or are you increasing your buying rate and I can tell you those are being measured across all the brands.

Jonathan Feeney - *Athlos Research - Analyst*

Thank you.

Jennifer Driscoll - *Campbell Soup Company - VP IR*

And thank you. Over to Rob.

Rob Moskow - *Credit Suisse - Analyst*

Hi, yes. For Denise and Jeff, when I look at the Bolthouse Farms food service division and the investment that's going in to it and, obviously, in a good part of the store where consumers are shopping, I guess I would have expected a higher top line growth rate over the last couple of years? This may not be fair but adding - well, just looking at Bolthouse Farms food service today, it's been a very low single digit type of top line growth.

So, is that - is there something there that's masking the real growth rate of the business? Like I would have thought high single digits? The reason I'm asking is because, you know, we're going to want to value this with according to other peers in this area like a WhiteWave, like a a Hain. But you kind of have to demonstrate the top line growth and eventually some margin expansion too.

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

Yes.

Rob Moskow - *Credit Suisse - Analyst*

So, what do you think the real growth rate is of this division?

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

Well, I think first of all, underneath the combination of both house and food service, you have a tale of a few cities. You have some businesses like traditional food service and the carrot business, you know, growing either moderately or declining and you have the higher growth in refrigerated soup and the CPG portion of Bolthouse Farms growing double digit.

So, you know, that's - that's something that we believe with the creation of C-Fresh and running traditional food service as, you know, a certain unit as a part of the Americas business, we'll be able to better delineate that value creation overtime.

I don't know if you want to add --

Jeff Dunn - *Campbell Soup Company - President, Packaged Fresh*

Yes, I guess I would characterize it this way, we would expect, if you look at our CPG portfolio or, you know, non-fresh carrot portfolio, you know, we fully expect that to be, you know, a sustained double digit grower and, you know, maybe five to, you know, 10 to 15, something like that. We have some, you know, shorter term issues that, as I said, our carrot business, actually, which is bigger than a CPG business is actually down this year. So, that's dragging us down a little bit.

You know, the carrot business, it's not - it's very difficult to stimulate demand, right, because the commodity business, you know, it's just something to be very difficult for us to do unless all of our competitors, you know, aligned with us so we've kind of - kind of ride the category and you see a year-to-year different drivers in terms of what happens to the category.

So, I think, as you model the business, you're going to have to kind of model it that way. You have to think about the CPG side or the package side and then the carrot side. Because carrot is going to be a stable business.

Rob Moskow - *Credit Suisse - Analyst*

I'm going to ask a followup. Jeff, there was some innovation in carrot that you introduced about a year ago, it was a seasoned carrot --

Jeff Dunn - *Campbell Soup Company - President, Packaged Fresh*

Big enough to move the needle.

Rob Moskow - *Credit Suisse - Analyst*

Okay. So, are we done with innovation on the - on the produce side then?

Jeff Dunn - *Campbell Soup Company - President, Packaged Fresh*

It's a low priority.

Rob Moskow - *Credit Suisse - Analyst*

Thank you.

Jennifer Driscoll - *Campbell Soup Company - VP IR*

Next up, Eric Katzman from Deutsche Bank. If you could hand him the mike.

Eric Katzman - *Deutsche Bank - Analyst*

Thank you. I guess, just probably is to Denise, first of all, Jennifer, good luck.

Jennifer Driscoll - *Campbell Soup Company - VP IR*

Thank you. Just waiting and anticipating where you're going to end up.

Eric Katzman - *Deutsche Bank - Analyst*

So, I guess, I understand, you know, the new goals and the strategy that makes - it makes sense but I think - I still feel like I'm getting a mix message on the simple meals division, you know, like, how are we supposed to judge, you know, success here is should we think about a good outcome? Is sales flat and margins going up significantly? Are you building into this model simple meals sales being down a bit overtime again with margins up? I really - I'm not - I'm struggling with there's reinvestment, there's talk about growth and yet there's kind of like this also comment about like a relative target.

So how do you - how do we think about that? And then - and then somewhat related. I'm surprised that Plum is within Mark's new universe because, I mean, while, I guess shelf stable, it seems to me that it's customer-based, it's focused, it's kind of more lined up with the C-Fresh even though it's not a fresh product. So, you know, why is that still in there?

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Well, let me take a crack and then maybe Denise can jump in. So, first of all, you know, we try to be clear about what we're doing in the Americas which is grow the top line in line with, you know, the weighted average momentum of the categories we're competing in. I mean, you can calculate that, you know, it depends on the period of time but it's been zero, it's been one, it's been one and a half but there hasn't been three to four, you know? So, you know, we will be competitive and we will grow in a --

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Eric Katzman - *Deutsche Bank - Analyst*

So, it's not down from your perspective?

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

I beg your pardon?

Eric Katzman - *Deutsche Bank - Analyst*

It's down?

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Depends on the time period, right? It, you know, if you look at a quarter or a half, there'd been periods where - where that total portfolio momentum has been negative but I would say that over three years has probably been, you know, round one - zero to one.

So, that's that and, you know, and then the other thing is a $4.6 billion portfolio, right? So, that's not the role for every branding category in the portfolio. We have full force growth. We have Swanson broth, we've got Prego Spaghetti Sauce, we've got Plum Organics and then we have, you know, there is a portfolio where we approached it differently.

We are very focused on margin expansion. So, for that relatively low top line growth expectation for that portfolio, we're driving price realizations with this price increases to more efficient use of our trade spending. We've got a very strong cost savings per base cost savings program or our base enabler program delivers about 3% of cost of products sold and just ongoing productivity as we continue to run that and then on top of that, we've got all the cost out initiatives that Anthony talked about with our overhead structure and GBD kind of efforts. So, you know, that would drive some pretty good margin expansion off of relatively low growth.

Plum Organics fits in pretty well simply because, A, it's a simple meal for babies and tots. B, it runs completely on our shelf stable platform. So, we are integrating it in to how we run the business and it runs, you know, it could run through our warehousing, distribution system, customer invoicing, I mean, the whole thing. I mean, it is a long life shelf stable product that fits with how we go to market with our U.S. retail portfolio.

Eric Katzman - *Deutsche Bank - Analyst*

Okay. Sorry to harp on this but, so Denise, I'd like to hear this answered from you, so if, let's say, you know, some of the new soup lines or are not tracking as best or as you expect, is the, you know, should investors count on the Company and management to make the decision, you know, margins and free cash flow out of simple meals is the priority?

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

You know, I don't know if you -- you know, I think what we're trying to do here is we're trying to recognize that the soup business managed appropriately should be able to grow in line with the rate of growth in simple meals which today, in the United States, is zero to one in the United States. Maybe 1.3 at its high point in the last three years.

So, we expect that we can be able to grow at that rate. Well, at the same time, we recognize we have had gross margin erosion over a period of time. We believe we now know the drivers of that. We've stopped it and now we're starting to expand and having that as part of the algorithm here is an important part for the Company because we can't have that big business be a leaky bucket on either one of those particularly measures.

Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

I would add to that, I mean, as long as we're not losing share, the priority is margin.

Jennifer Driscoll - *Campbell Soup Company - VP IR*

Looks like we're running short on time. We'll take Chris Growe from Stifel.

Chris Growe - *Stifel Nicolaus - Analyst*

Okay. Thank you. I just had two questions, if I could. So, the first would be - with a top line growth rate of 1% to 3%, I'm just - a year where you grow three or as you develop plans over the coming years to grow faster than, say, just 1%, would that mostly come from package fresh or is there a hope or an expectation that, you know, reinvesting back to the business will allow, obviously, Luca's business and Mark's to grow more quickly as well? So, kind of what - just bracketing the one to three.

And if I just the second question was, is there an overhead target for this percentage of sales or, you know, we've got a cost savings number now. Is there a certain margin or cost savings target that we should expect by 18?

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

I'll take the first part. See, you know, the way we've looked at the one to three over the course of time is we expect a modest growth in the Americas business. We - and so at the lower end of that range, we expect global biscuits and snacks at the high end of that range and we expect packaged fresh over the range.

And so, that's pretty much how we've been thinking about it and modeling it. You wanted to do the --

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Unidentified Company Representative

Yes. I'd say on the cost, I mean, the highest level, you know, we want to be top quartile in terms of margin performance overtime. It will take us, you know, a little while to get there from where we sit today and give what everybody else is doing but our ultimate objective would be to have top quartile margins in the group.

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

And let me clarify too because within the packaged fresh, it's the CPG portion of package fresh that we expect to be the - above the high end of that range. We, as Jeff indicated, expect the carrots to grow modestly.

Jennifer Driscoll - *Campbell Soup Company - VP IR*

Okay. We're going to get a microphone up here to John Baumgartner from Wells Fargo. I think it's going to be our last question. As [Jerry] walks, thank you all for coming.

John Baumgartner - *Wells Fargo - Analyst*

Denise, I wanted to ask about trade promotion efficiency. In the last few years, a lot of the focus has been on take away or lack or takeaway by the consumer but as centers to our growth has slowed and you're seeing now more shelf space going the natural organic foods, what are the sliding fees looking like? Are you seeing inflation there in terms of kind of more of a pay-to-play dynamic with retailers? Is that an offset to the trade promotion efficiency going forward --

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Mark Alexander - *Campbell Soup Company - SVP and President, Campbell North America*

Yes, no, John, we don't see any really material change in terms of how our customers approach for sliding fees or the other cost to bring new products to market that. There's not really any meaningful change there. The customers had different policies and they do it. So, that's not a big driver.

Jennifer Driscoll - *Campbell Soup Company - VP IR*

Okay. Thank you very much for your participation in our Q&A session. A replay of our investor day webcast will be available on our investor site in a few hours.

This morning's release today of slides are non-GAAP reconciliations and fascinating safe harbor information is available already on the site. A transcript will be posted as soon as it's available, tomorrow sometime, most likely.

If you are a reporter with questions, please contact Carla Burigatto at 856-342-3737. If you are an investor or analyst, please call me, Jennifer Driscoll, at 856-342-6081.

Thanks and that concludes our webcast.