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PRESENTATION

Jennifer Driscoll - ***Campbell Soup Company - VP, Investor Relations***

Good morning, everybody. Thank you for coming. We are glad to have you here. I am Jennifer Driscoll, Vice President of Investor Relations for Campbell Soup Company and on behalf of the entire management team, thank you for joining us for the 2014 Investor Day here at our world headquarters in Camden, New Jersey. It is wonderful to see so many of you. I appreciate the extra ones coming in over the weekend too and I also would like to thank you for your flexibility because I know we were originally planning to have this event tomorrow.

I would also like to thank those who are listening by webcast.

These slides accompanying today's presentation will be displayed on our website at invetor.campbellsoupcompany.com. The presentation can also be accessed via our IR app which is downloadable with either the Apple or the Google platform, whichever one you have.

Our presentation today includes forward-looking statements which reflect 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 are subject to inherent risks.

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

For items impacting comparability, please note four items on fiscal 2014 year to date and two items for the prior year's period shown on slide four. I will not read those aloud.

We will also make use of non-GAAP measures to enhance our explanations. Reconciliations are provided here in the room at the back and also electronically at investor.campbellsoupcompany.com.

We have a full program for you today so you will hear from key members of our senior leadership team who will provide updates regarding our business plan for fiscal 2015. As this agenda slide shows, we will start with our CEO, Denise Morrison, and CFO, Anthony DiSilvestro. Then the Heads of our North American business will present in quick succession. We will have a 15 minute break after that. It will be our around 2:30 Eastern time for those listening by webcast. Then we will take you through three of our growth platforms. After that we will field questions from our live audience which is one of the perks of coming here in person.

Then we will conclude the webcast but we will not let you go because we are going to continue on to an innovation experience in our Dorrance Center. So now with the overview complete, I hand this over to Denise Morrison, our CEO.

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

Good afternoon and welcome to Campbell Investor Day. I am delighted that you could join us here in Camden.

So since we have been together since last July, the food industry has had a tumultuous year. It has been a year marked by a persistently challenging consumer environment and by an unmistakable decline in the industry's performance. I think it is vital for all of us in the food business to understand what is driving the weak results in our industry. We must recognize and acknowledge what is happening to us, not to make excuses or to complain about the faults in our stars, but to understand what we are grappling with.

As an industry, we can't make smart decisions about how to improve our outcomes unless we are clear-eyed and candid about the factors that are propelling the results we have recently been delivering. So I would like to offer a short list of what I see as the critical drivers.

First, on the economic front, lower and middle income consumers in the United States and other developed markets continue to struggle. The long-awaited rebound from the great recession has not brought them meaningful relief. Financial anxiety has become a fixture in their lives and their food purchasing behavior reflects their caution and uncertainty about the future.

In the United States, persistent underemployment, reductions in public assistance programs, and rising energy and healthcare costs have all contributed to the pronounced consumer focus on value, a focus that I believe is here to say and is fueling continued growth of value channels such as dollar and club stores where food and beverage sales are growing at a higher rate than traditional grocery stores.

In the first quarter of this calendar year, the US economy suffered its worst decline in five years as severe winter weather disrupted production, shipping and consumer shopping. These disruptions certainly hurt food companies but I believe that the industry struggles this year are more indicative of longer-term shifts. The migration to valve is certainly one of them.

A second is the profound transformation in consumer preferences and priorities with respect to food, a transformation that has been building for a number of years and now appears to be at or near a tipping point in terms of its impact on the industry. Consumers are clearly demanding greater transparency about their food. They want to understand how it is grown, produced and marketed. They want to know what ingredients are used in their food and where those ingredients come from.

The insistence upon greater transparency is mounting and it is part of what is driving the proposed changes in food labeling regulations and labeling requirements and the increasing contentious public discussion about genetically engineered ingredients.

More broadly, consumers are holding manufacturers more accountable. They want to know where we stand on public policy issues that they are concerned about and what we stand for. There is no doubt in my mind the way food companies respond to these new expectations and the way Campbell responds will have a lasting impact on consumer's purchasing behavior and on their loyalty to our brands.

Third, as we have discussed before, consumers are increasingly focused on the effects of the food they eat on their health and well-being. From baby boomers to millennials, they are stoking the growth of fresh, packaged fresh and organic foods. This dynamic trend is clearly impacting center store categories.

Fourth, as we all know, changing demographics are presenting new challenges for the food business but demographic change is more than the dramatic rise of millennials around the world and of Latinos in the United States. At a more granular level, the level where we live, it is redefining the meaning of the family unit. Today the American family is a rich mosaic that reflects increasing diversity, new economic realities and powerful social change. We are seeing the growth of adult-only and single person households, of single-parent households with children, of multi-generational families living under one roof, of multi-racial and multi-cultural households and of same-sex households. All of these families shop and eat but many of them shop and eat differently than the traditional family that has dominated the thinking of our business for so long.

These new families are seeking foods and beverages that reflect and embrace their diversity and individual preferences. They are expecting food companies to offer a range of product sizes and price points that meet their specific economic needs and lifestyles. They want innovative packaging and value-added features. They also want more personalized approaches to creating and enjoying food and our industry must drive innovation and marketing that meets the requirements of these diverse families.

Fifth, we are seeing the impact of global economic realignment. There is no escaping the fact that the American middle class is shrinking. Its income declined in the first decade of the century and there is abundant evidence of a widening gap between lower and upper income households. At the same time in developing markets, which account for more than 80% of the world's population, the middle class is expanding rapidly.

Although the rate of growth in developing markets has slowed, it is still far more robust than in mature markets like the US, Europe and Australia.

By 2030 about two-thirds of the global middle class will live in Asia compared with less than 30% today.

Finally, after a decade of transformational impact on other sectors of the economy, the new frontier of eCommerce has come to food. Ready or not our industry must do a much better job of leveraging this channel. eCommerce in the United States is expected to grow from more than $262 billion in sales last year to $440 billion by 2017. That is a compound annual growth rate of almost 14% and purchases made with mobile devices are expected to grow even faster.

But food companies and supermarket chains have lagged in adapting to this shift. According to market research or Kantar Worldpanel, food, beverages, and personal care products account for less than 4% of eCommerce sales. The industry will have no choice about embracing the online channel. Online grocers such as Amazon Fresh and Peapod are changing the game and supermarkets are entering the fray, slowly.

One of our traditional grocery customers recently shared that his company experienced growth of more than 30% in its online ordering business versus brick and mortar growth of roughly 3% and the average basket ring of its online shoppers was three times that of its traditional shopper.

When you add up all of these pieces, it is hard to understand -- it isn't hard to understand why the packaged food industry seems to be at a critical juncture. We have seen slower growth across the industry this year. This trend was evident at nearly all of our competitors. Many have fallen short of expectations and lowered their guidance as we did.

The same has been true for many retailers. There is no question that traditional retailers in mass and grocery channels are being impacted by these new industry norms. They are being pressured by intensified competition driven by both consolidation and the growth of new channels.

Retailers have responded to soft consumption and center store categories by driving inventory rationalizations which have adversely affected food producers and you know across the industry, promotional activity in retail stores has failed to generate the expected volume lifts. In this difficult environment, we are seeing continued consolidation in the packaged food industry both retail and food service as competitors seek synergies and the advantages of scale.

We are also seeing an increased focus on driving productivity and reduction of supply chain and G&A costs. In the absence of strong topline growth, this is certain to continue.

So all told, we are in a turbulent time. You know that and we know that. The industry has had a tough year and is struggling to deal with the winds of change from many directions. So today it is easy to be pessimistic about the future of the packaged food business but I am not. I have great confidence in the future of this business.

I do think however, that the industry is in a period of major transition in which there will be winners and losers. A new normal is coming to food. The winners will be the companies that adapt successfully to a changing world. They will be companies with brands and products that align with the evolving needs and values of consumers and I believe they will be companies animated by differentiating principles and ideals, ideals that are authentic to those who profess to believe in them and important to the consumers they seek to serve.

In the last three years, I have talked with you many times about our strategic vision for the business and I will talk about it again later today. But more recently, we have also been thinking a lot about what we stand for as a Company, what we believe in and what we care about most. We know that high-performing companies tend to have a clear, unique and singular purpose, a purpose rooted in beliefs that connect them with consumers, build consumer loyalty and inspire their employees.

Lately we have been doing a lot of thinking about how best to express Campbell's purpose. Through an energetic and provocative dialogue, we discovered that we could capture our purpose in seven words -- real food that matters for life's moments. Real food that matters for life's moments. That is our purpose and I would like to take a few minutes to tell you why it is important to us.

Real food that matters for life's moments affirms our connection to the core values that have inspire trust in our Company for 145 years as well as our connection to the values and priorities of new generations of consumers. It defines the higher order reason for our work and the standards that we hold ourselves to. It is based on a set of unwavering beliefs.

First, we believe that food should be delicious, accessible and affordable, all three without compromise. It should be created with the same innovative spirit that inspired entrepreneurs like John Dorrance who revolutionized the packaged food industry by inventing condensed soup and Margaret Rudkin, who started a bread baking business in her country kitchen at age 40 that would grow to become Pepperidge Farm.

Second, we believe in the power of food to connect people in all corners of the world, in households with changing family composition and new social behaviors and in a digital world where personal connections are more important than ever.

Finally, we believe that what we do every day matters, that as a Company we have fundamental responsibilities to help safeguard the future of our planet, to maintain the health and vitality of our communities and to nourish the lives of our employees.

These beliefs are intrinsic to Campbell's character. For 145 years, they have helped give our brands a special place in people's lives and hearts. Consumers expect more from us and we want to be held to that higher standard. People trust Campbell to provide food and beverages that are good, honest, authentic and flavorful made from ingredients that are grown, prepared, cooked and baked with care. People love our food because it fits their real lives, fuels their bodies and feeds their souls.

Our foods and beverages connect people to each other to warm memories and to what is important today and encourage them to pause and savor life's moments.

So our purpose is our touchstone with consumers but it is also something more. It is the compass that must guide our execution of our strategic vision and serve as a filter for daily decision-making. As we strive to lead an industry that must adapt to change in order to prosper, our purpose must be and will be our North Star and we believe it furnishes a foundation for a growth agenda that will enable Campbell to help shape the future of food as we aspire to become a $10 billion Company within the next five years.

When I became CEO in August 2011, Campbell was struggling to adapt to the shifts that I outlined a few minutes ago. Today we are embracing them. The consumer trends and industry dynamics that we have witnessed over the past several years that are now so visibly accelerating make it clear that the dual mandate we committed ourselves to is the right course for Campbell.

We have come far in these three years and we have taken action to shift our center of gravity and reshape our Company for future growth. We have diversified our $8 billion portfolio beyond our historic center store product lines in traditional mass and grocery channels. A step at a time we have been building our presence in packaged fresh and other faster growing spaces, in strategically important geographies outside our developed markets and in channels that make our products available everywhere that consumers shop now and will shop in the future.

We have added more than $1 billion of sales through the acquisitions of Bolthouse Farms, Plum Organics and the Kelsen Group. We have divested our declining European Simple Meals business this year to focus our international efforts on growth opportunities in Asia and Latin America with a concentration on baked snacks. The Kelsen acquisition for example has given us leadership and experience in China and Hong Kong which generate about 40% of its sales.

We have also made investments to expand production capacity in Indonesia to support the phenomenal growth of our biscuit business in that key developing market. Through our strategic partnerships with Grupo Jumex and Conservas La Costena, we have established a stronger foundation for future growth in Latin America by expanding our access to manufacturing and distribution capabilities in that region.

To drive the availability of our products, we transitioned out of our agreement with Coca-Cola this year and built a network of more than 90 distributors for single-serve beverages. We have built new capabilities for connecting with consumers through digital and social media and strengthened our talent in this critical area and we now have core capabilities for pursuing growth through e-commerce where we believe we are meaningfully ahead of our competitors.

Across our business we have enhanced our expertise and consumer insights, culinary art, and food science and revamped our innovation pipeline to drive new product development that is on point with changing consumer needs. To lead our Company into the future and drive our growth agenda, we have appointed talented experienced new leaders across our senior management team.

So, yes, we have come far but we certainly have our work ahead of us to continue to strengthen our core business, expand into faster growing spaces and become a high-performance organization.

I previously told you that I wasn't satisfied with our performance in the third quarter of this fiscal year because our growth fell short of our expectations. I do believe however, that for the first nine months we have delivered a competitive performance in a year of persistent and daunting market challenges. For the full year, we expect to deliver net sales growth of approximately 3% and growth in adjusted EBIT and EPS that is in line with our previous guidance which we are reaffirming today. In a few minutes, Anthony DiSilvestro will walk you through these numbers in greater detail.

Looking ahead to fiscal 2015, I am enthusiastic about the plans that our team will share with you today that I believe will improve our performance.

As Mark Alexander and his Campbell North America team will discuss, we will take further steps this year to strengthen our US Simple Meals business, especially US Soup, which remains a large and vital economic engine for us. We will continue to make our soups contemporary and elevate the consumer experience. We will build our position in premium soups, a $750 million retail segment of the Soup category that is growing 12th% annually. Our innovation in this premium space next year will include the launch of our first Campbell's organic soups.

As Ed Carolan will explain, we have begun executing a new strategy to reposition and revitalize our shelfstable US beverage business which is anchored by V8, a brand with strong equities in health and wellness. Shelfstable juice is large and important as a category with high household penetration and we are taking action to restore growth.

As Irene Britt will discuss, Pepperidge Farm expects to deliver stronger growth next year. Pepperidge Farm has beloved brands like Goldfish and Milano that deliver moments of joy and are baked with care. Next year we expect to drive continued growth in Goldfish crackers, maintain our shelf gains in fresh bakery and revitalize our adult savory crackers business.

In international, Luca Mignini will outline our actions to stabilize and strengthen our business in Australia and drive the growth of Arnott's, our number one brand of biscuits in this key developed market.

Across our portfolio, we will strengthen our core through continued improvements in product quality. Our long-term goal is to ensure that the foods we make in our plants are as delicious as those created by the chefs in Campbell's Kitchen and we will continue to increase our relevance in digital and the increasingly mobile lives of consumer.

Our dual mandate instructs us that at the same time we are strengthening our core, we must drive the expansion of our business in faster growing spaces. We selected four specific platforms for doing that and we have made progress in each one. Next year there will be more.

Our first platform for expansion is breakthrough innovation. Campbell's dinner sauces are a great example of disruptive innovation that is delighting consumers and creating new growth opportunities. We are number one in this new $100 million category. Today we are driving distribution, awareness and penetration of our skillet sauces and slow cooker sauces and will expand this platform in the fall with the launch of Campbell oven sauces. Darren Serrao will tell you more about our breakthrough innovation platforms including our plans to launch V8 protein shakes and bars to expand into the on the go adult nutrition, a $4.6 billion category.

Overall we expect to launch more than 200 new products in fiscal 2015 including some that we hope you enjoyed at lunch and will enjoy at our innovation experience later today.

Second, we have declared our goal to become a branded leader in packaged fresh foods. We are determined to expand our position in this $18.6 billion category which has had three-year compound annual growth exceeding 4%. We have a solid foundation with Bolthouse Farms, the number one brand in super-premium beverages in measured channels and a leader in fresh carrots. We will also pursue opportunities to expand fresh branded offerings across our portfolio.

Jeff Dunn will share exciting news on Bolthouse Farms' plans to expand into healthy beverages and snacks for children and discuss our investments to build brand awareness

Our third key platform for growth in faster growing spaces is expansion in developing markets in Asia and Latin America. In Asia, we are focused on building our growing position in sweet biscuits in China and Indonesia. Chinese consumers love Kelsen's authentic Danish butter cookies and value them greatly for gifting occasions. We see lots of headroom for growth in China and opportunities to expand our biscuit business in other developing markets and build Kelsen's and Tim Tam into thriving multi-national icon brands.

Finally, we are increasing the availability of our products in all the channels where consumers shop. To matter in the lives of consumers, our brands must be unavailable where and when they want them. We will highlight our moves to drive availability and immediate consumption opportunities.

The other key to our future is building a high-performance organization. We are creating a culture of ownership and accountability driving decision-making and taking bolder action and as Anthony DiSilvestro will discuss, we have taken steps to drive productivity and cost savings across our organization to become leaner and more nimble.

I will conclude my introductory remarks where I began. It is plainly an immense challenge for food companies to respond successfully to change of the magnitude that we are now confronting. Consumers are thinking differently, shopping differently, spending differently and behaving differently than they did in the past and there will be no going back for them or for us.

The packaged foods industry must adapt and adapt quickly to a new era. We must open our eyes and our minds to entirely new ways of thinking about our business. Some of you think we simply can't do this that we lack the mindset, agility and imagination to prosper in this world but I know that Campbell will prove the skeptics wrong.

In the last three years, you have seen a great deal of change at this Company. We have been taking decisive action to reshape our portfolio and alter our growth trajectory and you will see more of it in the future. We are proceeding with a clear strategic vision that is squarely focused on successful response to the dramatic shifts in the landscape for our business and we are confident that our strategy is moving us in the right direction.

But some things about our Company should not change and they won't. The values that inspire Campbell's purpose are timeless. They resonate across generations, cultures and continents and they speak to fundamental human needs. They root us in our past but they also illuminate the past to be future.

Guided by our purpose, Campbell is changing as the world around us changes and I have no doubt that our Company will play an important role in defining the future of food for many years to come.

So now I am delighted to give you Anthony DiSilvestro.

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

Thanks, Denise. Good afternoon, everyone, and thanks for joining us today. I am going to spend a few minutes covering some financial topics and then we will get into the business unit presentations.

Here is the agenda of items that I will discuss today. I will briefly recap our fiscal 2014 year-to-date results and our expectations for the full-year. Our fiscal year ends in just a couple of weeks on August 3. I will share some perspective on our recent acquisitions which you will hear about during today's presentations. Although we are not giving guidance today for fiscal 2015, I will share some perspective on the key drivers. I will talk about cash flow and our funding priorities and then wrap up.

As many of you know, we report our financial results in five segments. The pie charts on this slide show sales and EBIT for our most recent fiscal year. On the sales side, our two largest segments US Simple Meals and global baking and snacking comprise 36% and 28% respectively of our portfolio. With the addition of the Kelsen Group in 2014, the baking and snacking percentage will increase.

On the EBIT side, half of our segment EBIT comes from US Simple Meals with about one-quarter generated by global baking and snacking.

Let me briefly cover our nine-month results. While we are disappointed with our overall performance, we have delivered growth following a weak first quarter. For the nine months, net sales were $6.4 billion, up 1%. These results include a 4 point contribution from acquisitions consisting of Plum Organics, Kelsen Group and an additional week of Bolthouse Farms. Excluding acquisitions and a negative impact of currency, organic net sales were comparable to the prior year.

Gains in Bolthouse Farms, US Simple Meals driven by Prego and our dinner sauce platform and growth in Pepperidge Farm were offset by declines in US beverages and international Simple Meals and beverages.

As Denise mentioned, the environment has been challenging especially for center store categories. Adjusted EBIT of just over $1 billion was comparable to the prior year as lower administrative expenses were offset by a lower gross margin percentage. Adjusted earnings per share of $2.04 was also comparable to a year ago. Our full-year guidance which I will speak about in a moment, implies gains in Q4 most of which is due to the 53rd week.

Let's look a little more in detail for the nine months. Our adjusted gross margin percentage has been under pressure declining by 180 basis points to 35.6%. The decline was attributable to cost inflation, higher promotional spend, increased supply chain costs, mostly due to the severe winter weather, and the negative impact of acquisitions including the November 2013 Plum Organics recall. These were partly offset by productivity improvements and higher selling prices.

Marketing and selling expenses decreased 1% to $746 million due to lower advertising and consumer promotion expenses, currency and lower marketing overhead partly offset by acquisitions. As we stated in our last earnings call, we have redeployed funds from A&C to support increased trade promotions to improve our competitiveness in key categories.

Administrative expenses declined 12% primarily due to lower incentive compensation costs as we are accruing below target, lower pension and healthcare expenses, and cost savings from our recent restructuring initiatives partly offset by the impact of acquisitions.

Interest expense decreased 6% or $6 million on lower average interest rates. We expect to finish the year with net interest costs of about $120 million.

The adjusted tax rate for the first nine months was 31.3%, a 50 basis point increase versus the prior year which benefited from the favorable settlement of some state tax matters. We continue to expect the tax rate for fiscal 2014 in the 31% to 32% range. With the benefit of lower interest expense offsetting the higher tax rate, EPS similar to EBIT is comparable to a year ago.

As Denise mentioned, our strategic imperative is to generate sustainable and profitable topline growth. To achieve this objective, we are focused on a dual mandate, to strengthen our core business while expanding into higher growth spaces including new consumer segments, categories and geographies. You will hear much more about the specifics of the plan as we go through the afternoon.

While our financial results are short of our expectations this year, we have made progress in several areas. Looking at our core businesses, US Simple Meals which comprises over one-third of our portfolio, grew organic sales by 1% for the first nine months of 2014 as we are wrapping a very strong year ago. While Soup declined slightly, Prego, benefiting from the launch of white sauces, has gained over a point of share in the Italian sauce category.

As you will hear, we have strategies to address challenges in two businesses, US beverages and Australia. Lastly on the core business, managing our cost structure is critical and I will touch on this topic later.

In terms of expanding into higher growth spaces, we have made three acquisitions with significant growth opportunities. We are also building a route to market capability in immediate consumption channels that we will leverage for growth.

We are continuing our efforts against disruptive innovations to drive growth. For example, Campbell dinner sauces have been accretive to growth as we established a new category and shelf set in stores and we continue to show progress on this front as measured by the contribution to list sales from innovation.

As I mentioned, we are making progress in our efforts to increase the rate of innovation. As you can see in fiscal 2013 and 2014, sales from new products launched in the last three years contributed approximately 11% of list sales. This is a meaningful improvement from fiscal 2012 which is when we established and funded a dedicated innovation organization focused against driving disruptive innovation. We believe there is still more upside as reflected in our long-term target for the Company of 13% to 15% with different expectations by category.

Managing our cost structure is critical to achieving our growth targets. It provides funding to support our growth initiatives and to improve our bottom-line performance. Since the end of fiscal 2011, we have announced several restructuring programs which will provide ongoing annual savings of about $170 million and which reflect an aggregate headcount reduction of more than 2200. We have generated benefits from five plant closings, overhead reductions in our corporate functions and across our business units as well as workforce reductions from leveraging technology such as the recent robotics installation in Arnott's.

While we have made progress in managing our overhead costs and are now competitive, we will continue to look for opportunities to improve our performance in this area going forward.

This chart illustrates the progress we have made in reducing our overhead expenses as a percentage of net sales over the last three years. Overhead expenses include selling, general and administrative costs inclusive of marketing overhead. For purposes of this chart, their percentages have been unadjusted to reflect incentive compensation at target levels which better illustrates the progress we have made in this area.

Reflecting the impact of the initiatives shown on the previous chart, SG&A as a percent of sales has declined by about 150 basis points since fiscal 2012.

In managing our overhead expenses in addition to year-on-year improvements, we benchmark our expense levels against competition. Again for this comparison, we have included incentive compensation at target levels. As you can see, we are in the middle of the competitive set with our overall percentage equal to the average. While our expense reductions have put us in a competitive position within the industry, we anticipate that the average will decline over time and that we will need to improve our performance as well.

Our fiscal 2014 guidance which we reaffirmed this morning is unchanged from May. As we said then, we expect to grow sales 3%, adjusted EBIT to grow at the low end of the 4% to 6% range, and for adjusted EPS to grow at the low end of the 2% to 4% range. Fiscal 2014 comprises 53 weeks, one additional week compared to the prior year. We estimate that the extra week will benefit sales growth by about 2 percentage points, EBIT growth by 3 points, and EPS by approximately $0.08 per share.

Going the other direction, we expect currency translation will have a 1 to 2 percentage point negative impact on sales and EBIT and a $0.03 per share impact on EPS. For the full-year, we expect incentive compensation costs will be below target levels by approximately $40 million or $0.08 per share which will be a headwind next year.

Two other items we have talked about are the contribution to fiscal 2014 sales of acquisitions which we continue to estimate at about $300 million and in connection with the new business model in Mexico, reported sales and cost of products sold are expected to be reduced by approximately $30 million.

In terms of expanding into higher growth spaces, we have made three acquisitions with combined sales in excess of $1 billion with growth rates well in excess of the Company average. Bolthouse Farms with sales over $800 million has a premium refrigerated beverage and salad dressing business growing double digits and provides opportunities to extend in the packaged fresh category.

Plum Organics is on track to generate about $90 million of sales in fiscal 2014. We are short of our expectations as we were negatively impacted by our voluntary product recall in November 2013. Importantly, we are now back in full supply and have regained our market share. Looking ahead, we will drive growth by expanding distribution and launching new products.

Lastly, we acquired Kelsen Group, which expands our biscuit business with the addition of this high-quality cookie business headquartered in Denmark. Importantly, about 40% of the business is in China with above-average margins representing profitable expansion opportunities.

Looking ahead, we will provide fiscal 2015 guidance on September 8 when we report this year's results. However, I would like to share a few items we expect to impact our performance.

First, we expect organic sales to improve benefiting from strengthening in our key categories, disruptive innovation, traction against our strategies in US beverages and Australia and with them now in the base, the growth on our recently acquired businesses. Supporting these strategies and initiatives, we intend to increase our level of advertising and consumer promotion expense.

We also expect our gross margin trends to improve. Following a decline in fiscal 2014, we are forecasting our percentage to be fairly stable in 2015 as we anticipate that cost inflation and unfavorable currency at the transaction level to be offset by a combination of productivity savings, net price realization and mix.

As I mentioned earlier, incentive compensation is a headwind of about $0.08 per share.

The cost management initiatives I mentioned earlier will provide some incremental benefits in 2015 helping to offset the impact of salary and wage inflation. Reported growth rates will reflect the impact of one less week in the fiscal year which as I mentioned is also worth about $0.08 per share.

With the improvement in our credit metrics following the acquisition of Bolthouse Farms and absent further acquisition, we expect to resume share repurchases which would generate a modest EPS benefit.

Overall, while we expect improvement in our organic sales performance, we expect to be below our long-term growth targets for sales and earnings compared with fiscal 2014 excluding the impact of the extra week.

Looking ahead to fiscal 2015, we are forecasting continuing cost inflation. In aggregate, we expect input cost inflation of about 3% to 4% driven by ingredient inflation in tomatoes, dairy products and meets and packaging inflation driven by steel cans and paper. The balance of supply chain costs including wages, benefits and fixed costs are expected to increase at the same rate bringing total cost inflation to approximately 3% to 4%.

We expect our supply chain group to generate a significant level of productivity savings totaling about 3% of [COGS]. Supply chain initiatives, including Soup common platform, leveraging technology in Arnott's, and other COGS efforts are contributing to this result.

Productivity savings, although significant, will not fully offset cost inflation leaving some upward pressure on total delivered cost. As I mentioned earlier in our gross margin percentage, we expect this impact to be offset by gains in net price realization and mix.

The use of cash discussion starts with our ability to generate a significant and consistent level of cash flow. As you can see on the chart, cash from operations has been stable over the past five years generating over $1 billion annually. In addition and improving as we pay down the debt incurred to fund our recent acquisitions, our balance sheet metrics are approaching the level prior to the Bolthouse acquisition. These strong metrics provide financial flexibility to pursue our strategies including external development and to resume strategic share repurchases. As of the third quarter, trailing 12-month interest coverage was almost 13 times and debt to EBITDA was 2.4 times, close to the pre-Bolthouse levels.

Here is how we have deployed our cash flow over the last five years. We have clear priorities for the use of cash and I will review those with you.

First, investing capital in our core businesses is our top priority. We are forecasting approximately $400 million in capital spending in fiscal 2015. A high percentage, almost 60%, represents spending on economic projects either capacity adding or cost reduction which generate a positive economic return. Spending next year includes projects to increase capacity for Goldfish, Bolthouse Farms beverages and salad dressings and for aseptic broth, as well as spending on our Soup common platform initiative.

Our second priority is the dividend. We have maintained a competitive dividend payout ratio with the expectation that dividends will increase over time with earnings. Based on our EPS guidance, this implies an expected dividend payout ratio of just under 50%.

Our third priority for the use of cash is external development. This is consistent with our strategy of increasing our portfolio exposure to higher growth categories and geographies. With the acquisition of Bolthouse Farms, Plum Organics and the Kelsen Group, we have improved our overall growth rate.

We also made the strategic decision to divest our European Simple Meals business which net of the Kelsen acquisition is shown on the chart as a net source of funds from M&A in 2014.

Share repurchases are the fourth priority and the most flexible element. In the last five years, we have repurchased $1.8 billion of our own shares. As shown on the chart, we suspended our strategic share repurchases at the beginning of fiscal 2013 following the Bolthouse acquisition although we continue to repurchase shares to offset the impact of equity-based compensation. As I mentioned earlier, absent any new M&A, we expect to resume share repurchases in fiscal 2015.

I would like to comment on our long-term targets which are shown here: organic sales growth of 3% to 4%; EBIT growth of 4% to 6%; and EPS growth of 5% to 7%. While it is taking us longer than anticipated to achieve these growth rates, we believe these are appropriate goals for our Company.

When we first set these targets, many of the categories in which we compete were experiencing higher growth rates than today. Also we did not anticipate the challenges we have had in US beverages and in Australia.

We believe that success against the dual mandate, strengthening the core, including the turnaround of US beverages and Arnott's and expanding into higher growth spaces, will improve our financial performance. However, in the current environment, further portfolio reconfiguration including value creating acquisitions and further cost management may be required to achieve our long-term growth targets.

In summary, we are making good progress against our dual mandates but there is more work to do. We have plans which we will share with you today to strengthen our core business by improving the performance of US Soup, reinvigorating growth in Pepperidge Farm, and executing turnaround strategies in US beverages and Arnott's. At the same time, we will continue our work on expense controls and productivity initiatives.

We will continue to expand into higher growth spaces through disruptive innovation including packaged fresh. We will leverage our route to market capability in immediate consumption and we will capture emerging market opportunities in China, Mexico and Indonesia.

We expect improved organic sales performance in fiscal 2015. However, sales and earnings growth will be short of our long-term targets and we will be providing specific guidance in September. We will use our cash flow to invest in our business, pay a strong dividend, fund M&A opportunities and return cash to shareowners through share repurchases.

Thank you for your time and with that, let me turn it over to Mark Alexander.

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

Thank you, Anthony. A nod to my milestone birthday; I have got to get the glasses on to do this, but here we go. This afternoon, my team and I will outline our plans to improve performance across the North American business. Joining me here are members of the Campbell North America leadership team -- Ed Carolan, who is the President of US Retail and he will talk about how he is going to drive growth across our core and Darren Serrao, Senior Vice President and General Manager of Innovation and New Business Development, who will provide an update on how we are advancing our strategy in faster growing spaces.

I'll start by giving you a brief overview of our business, our priorities this year and our growth agenda. Campbell North America generated $4.6 billion in annual net sales in fiscal 2013 and is anchored in Soup and Simple Meals. Beyond that, we have our V8 beverage business, foodservice operations, Campbell Canada and Plum Organics.

As Anthony said, this year has been challenging. Sales in our core Soup business did not meet our expectations as we planned to back up our F13 performance with another year of growth this year. While we are competitive again this year from a marketshare standpoint, we failed to drive category growth and this is an imperative going forward. Within Soup, there were bright spots with the continued strong growth of both Swanson broth and Healthy Request soups. Our Simple Meals business performed well as well led by the standout results on Prego Italian sauce.

Our beverage business has been challenged, along with the entire shelf-stable juice category and we have begun implementing plans to fix this. We are seeing positive response in our core red juice line driven by better product, package and marketing, but there is much left to do. Our foodservice and Canadian businesses have improved as we have moved through the year and Plum Organics is growing at a strong double-digit rate and has recovered very well from the recall earlier this year.

We are looking ahead to growth and are organized to deliver our growth agenda. Our US retail and Canadian teams are focused on strengthening our core business. Our availability team is pursuing growth in faster growing spaces, including immediate consumption, e-commerce and retail perimeter package fresh, as well as managing our foodservice business. The breakthrough innovation group is expanding into new categories and new occasions while Plum Organics is nourishing the next generation with delicious and healthy food for infants and young children.

Two years ago, we set out a clear plan to stabilize and then profitably grow North American Soup and Simple Meals. We have improved execution across the drivers of demand, managed our portfolio better and increased sales from innovation and external development and in many cases, this has produced better financial and marketplace results.

However, we've also faced challenges and there is work ahead. In order to deliver our target growth rates, we will focus on three key areas -- drive growth in soup by elevating the consumer experience and improving category performance, address the softness in our beverage business and intensify and broaden our efforts in higher growth spaces, which includes new categories, new channels and new consumers.

I would like to take a moment to revisit the fundamentals of our growth plan and the progress that we have made against these. First, we have improved our competitiveness within our core categories after a thorough analysis of the structural and marketplace factors impacting our performance. We've taken significant steps to enhance in-market execution against the key drivers of demand -- product quality, distribution, merchandising and marketing. I will share more detail about this in a moment.

Secondly, we are focused on maximizing top and bottom-line growth through well-defined portfolio management. We have appropriately aligned investment to reflect the growth potential of our brands and the categories in which they compete. And finally, as part of our strategy to expand into new growth spaces, we have assessed the attractiveness of a broad range of adjacent categories. This has provided clear focus areas for innovation and external development activity.

So let's take a closer look at the progress we are making to improve our drivers of demand. First, we've improved the quality of the food we make. We have ensured that our products and our iconic soup products in particular are competitive, but we aren't done and have in place a program of continuous benchmarking and improvements to ensure our food always delights our consumers.

The price value proposition of our portfolio has been improved through focused, disciplined revenue management, which enabled us to drive price realization and competitiveness. Our distribution has increased. During the past three years, total points of distribution in our key categories are up more than 5% with gains being made in both traditional retailers and higher growth channels. We have stepped up our innovation efforts. New products as a percentage of sales have increased 50% during the past three years. This year, we plan to launch nearly 180 new products across the entire Campbell North America portfolio, a mix of sustaining and breakthrough items designed to drive our core business and also growth in new spaces. Our marketing efforts are more effective. We have optimized our investment and deployment of [A&C] funds based on robust analytics.

And finally, we are making headway in growth channels. Focused investment on value and drug channels has helped us increase the average number of new items carried in these retailers by 20%. We know there is still work to do and will remain a keen focus of executing against these demand drivers during the coming fiscal year.

Our plans for F15 will focus on our dual mandate -- strengthen the core and expand into faster growing spaces. First to our core against which we have three clear strategic imperatives -- drive growth in soup and improve category performance. Our focus over the past two years has been very clearly against fixing the fundamentals and regaining our competitiveness across the drivers of demand. This has yielded much better marketshare performance, but, as I mentioned, has been insufficient to drive category growth this past year. To do this, we will need to shift our emphasis towards aggressively innovating and marketing against large and growing areas of demand. Ed Carolan will discuss exactly how we are approaching this shift in a few minutes. We will launch V8 to address declines and we will continue to work to deliver a stepchange in product and packaging performance and focus on taking our product quality to a new, even higher level.

The quality of our products is fundamental to our success. When I assumed responsibility for Campbell North America in 2012, we returned to basics as part of our efforts to fix soup. We found that consumers thought that only eight of our top-selling varieties were superior to competition. This simply wasn't good enough. So we went back into the kitchen. We used better ingredients, more flavorful recipes and optimized production to make the best possible product. We are well on the way to achieving our goal. We now have superior or parity quality across our top-selling products and we'll continue to make quality a priority.

But we aren't done. We want Campbell products to be the gold standard. As Denise said, our long-term goal is for the foods we make in our plants to be as delicious as those created by the chefs in Campbell's kitchens. And we want this food to inspire and delight people for generations to come. This is our guiding principle as we innovate and evolve our delicious and diverse portfolio. We have begun to benchmark our products against chef's kitchen prototypes and closing the gap to this standard will move us well ahead of competition over time.

To accelerate expansion into higher growth categories, we will continue to build our immediate consumption beverage business. We are seeing early progress being made to reshape our distribution network, prioritize our customer base and leverage our portfolio. We have also developed branded packaged fresh Soup and Simple Meals and accelerate innovation launches into new categories. And we will drive the availability of Plum Organics' products.

As you know, last year, we acquired Plum Organics, the number two US organic baby food brand, in order to enter this fast-growing segment. We see a tremendous opportunity in the long term to develop the brand into a broad Simple Meals, healthy beverages and snacks business for babies, tots and kids. During the coming year, we will utilize the resources of Campbell to drive scale and profitable sustainable growth across the portfolio. We are building a culture of quality through implementing Campbell's global quality standards. We will leverage the scale and experience of our salesforce to drive availability and to expand retail coverage.

Under the continued leadership of Plum Organics' co-founder, Neil Grimmer, innovation will remain a priority. Plum will launch 22 new products next fiscal year, many of which will be for older toddlers and young children as we work to extend the brand's appeal beyond baby food. That is because parents tell us they love the Plum brand and want it to continue to play a role in their children's lives as they develop and grow. Finally, as we increase distribution, we will step up investment in marketing in order to drive awareness and deepen connections with parents across America.

Before Ed and Darren walk you through plans and priorities for fiscal 2015, I would like to share some final thoughts about our North American business. It is a powerful engine for our Company with trusted brands that we believe are well-positioned to meet the changing needs and expectations of consumers in the US, our largest market and in Canada. We have made progress in advancing our strategies through stronger execution against the drivers of demand, disciplined portfolio management and more robust innovation and external development, but it hasn't been easy. We faced some challenges this year in a shifting consumer and economic environment. Looking ahead, I have confidence in our plans. We have the portfolio, the talent and the passion and the vision to elevate our performance and redefine the categories in which we compete. And now it gives me pleasure to introduce our President of US Retail, Ed Carolan, who will share with you his plans to grow our core.

Ed Carolan *- Campbell Soup Company - President, US Retail*

Thank you, Mark. I will follow suit. Thanks for the setup on some reading aid. Today, I'm here to share a plan with you, which comprises two key elements. First, I am going to talk to you about how we will elevate the consumer experience across our Soup and Simple Meals business and then second, I will talk to you about how we will lead the veggie craze with the V8 brand.

As Mark said, we've made solid progress across our drivers of demand, becoming more competitive and delivering growth on a number of our key brands. In US Soup and Simple Meals, we intend to build on this progress and now go further. We've identified new strategic growth areas, which have the potential to make meaningful contribution to our business. In US beverage, we've built a deep understanding of the factors impacting the shelf-stable juice category and our business. Our opportunities are clear. We know the challenges we face and today, I will share with you our vision, key strategies and the robust plans we have in place to drive growth in F15.

So let's start with our core US Soup and Simple Meals business. Here, our foundation is strong. Our products are used in more than 94 million homes across America. Our Soup and Simple Meals portfolio generates $3.6 billion in retail sales and we hold the number one or two position in six of the eight categories in which we compete. As Denise mentioned, our vision is to elevate the consumer experience with a focus on three core strategies. First, we will elevate the quality to exceed the consumers' expectations; second, we will elevate brand-building to connect with more consumers in more ways; and third, we'll elevate innovation to drive big platforms that will surprise and delight consumers.

Today, you'll see how elevated quality, innovation and brand-building will come together to make our iconic brands an irresistible part of everyday life for all Americans, from kids to millennials to boomers. First, we are going to continue to elevate quality. During the past three years, we have significantly improved more than 50 of our top-selling products. We've seen positive response to these products, but we aren't done. This year, we will improve the quality of 25 more of our best known varieties, including the number one selling Chunky chicken noodle soup, to continue to delight our consumers and exceed their expectations.

Second, we are going to elevate our communication and brand-building. We will increase A&C, we will invest in proven effective campaigns and we will reach more consumers with dedicated Hispanic efforts and enhanced digital media initiatives.

Our third strategy is to continue to elevate innovation. Since 2012, we have doubled sales generated by new products across the Soup and Simple Meals portfolio. This year, we are building on that momentum launching nearly 70 new items created to capitalize on emerging consumer trends and growing behaviors. Our innovation will take us into higher growth spaces and it is built around three big compelling consumer platforms -- premium, grounded in the consumer trends for indulgent foods and health and wellness options; taste adventure, driven by America's insatiable appetite for ethnic and regional cuisines; and easy flavorful cooking as 75% of all meals in America are eaten at home, but consumers have less and less time.

So let's take a look at the premium segment. Consumers are looking for premium experiences in their everyday lives. Within the food industry, we've seen premium offerings driving growth in many categories. In the Simple Meals space, premium products account for $26 billion in sales annually, growing at nearly 9%. Within soup, we believe there is substantial upside in two distinct areas -- indulgence and organic. Indulgent soups are all about delivering elevated, delicious eating experiences and we are proud to say we are leading the way. Brands such as Slow Kettle style soup launched in 2012 and Campbell's Go! soup have delivered $70 million in retail sales in the past year, which doesn't include our premium foodservice offerings.

These contemporary recipes are successfully attracting new consumers to the shelf-stable soup category with the highest index among millennials. We are excited about the potential of this growth platform and this year, we will significantly extend our range with the launch of six new flavors of Slow Kettle style soups and a new variety of Campbell's Go! soup. We also recognized the opportunity to build scale in store and simplify the consumer shopping experience. We will work with our retail partners to develop permanent eye-catching premium soup sections.

Turning now to organic, which is all about elevating health and wellness. Organic food consumption is significant and growing. Sales of organic food reached $6.7 billion in 2013 and has had three-year annual compound growth of 11.5%. We've been active in this area for some time, launching organic broth in 2004 and offering Wolfgang Puck soups since 2008. More recently, recognizing the growth opportunity, we added Plum Organics to the portfolio. We believe there is a significant opportunity to stepchange growth of the organic segment within the soup category as it currently accounts for $190 million in sales each year and is growing at nearly 9%.

We will accelerate this growth with the introduction of our first range of Campbell's-branded certified organic soups. The selection of six varieties are packaged in fresh-looking, contemporary cartons and include flavors such as chicken tortilla, garden vegetable and tomato and basil. The new line will be shelved in the soup aisle right alongside the Campbell portfolio.

Turning now to taste adventure. International cuisine, once niche, is now mainstream with ethnic foods enjoyed in more than 80% of American households. As a result, people are looking for more adventurous tastes from brands they love and when trusted brands get it right, it works. We've had encouraging success with on-trend taste innovation on a number of Campbell brands, including Chunky pub-inspired soups and Homestyle regional flavors. We will continue to build on this compelling platform during the coming year.

Campbell's Chunky. It's a $558 million brand and retail sales that has unique appeal among guys with hearty appetites. The pub-inspired flavors I just mentioned have been a terrific success and we are optimistic about their potential. We first launched the line in 2012 and this year, they delivered over $50 million in retail sales. Much of this was incremental due to the product attracting younger guys to the brand. This year, we are adding more pub-style favorites such as beer and cheese, pub-style chicken pot pie and we will continue the popular Mamma's Boy advertising. This campaign was relaunched in 2012 with Victor Cruz of the New York Giants and last year starred Clay Matthews of the Green Bay Packers. This year, we are excited to welcome new mamma's boy, Seattle Seahawks star quarterback, Richard Sherman and his super cool mom, Beverly, who Seattle fans finally call Mama Sherman. Richard is one of the most electrifying and talked about players in the NFL today. Here is a taste of what you will see in the fall.

(video playing)

Okay, as you can see, we plan to start the year big with Richard Sherman and his mom, Beverly and the very colorful Seahawks fans and we will elevate the campaign by investing in a whole suite of social and digital activation.

Our ready-to-serve Homestyle range was created for consumers who appreciate the taste and quality of homemade soup. Launched a year ago, it is performing strongly with repeat purchase rates above industry benchmarks. This year, we will continue to build on this momentum. We will introduce five new flavors, including light varieties that offer indulgent recipes with fewer calories and more adventurous flavors such as spicy Southwest style chicken noodle.

We will invest in a proven effective advertising campaign to continue to drive trial and awareness of this relatively new brand. Our iconic condensed soups appeal to people of all ages. Everyone has a food moment that involves one of our condensed soups. After all, they are found in 65% of US households and are especially popular among families and boomers. Condensed soup delivers $1.35 billion in annual retail sales. It's big, it's important and we will continue to build its popularity with contemporary flavors and impactful advertising.

Our Healthy Request range is grounded in heart health and meets guidelines set by the American Heart Association. During the past year, retail sales of the condensed Healthy Request line has grown 4% and will continue to drive performance by launching new flavors inspired by international recipes and regional American favorites. We will add an ethnic twist to our iconic chicken noodle soup. Sitting alongside our top seller on shelves this year will be three new chicken noodle varieties -- Latin chicken noodle, Tuscan chicken noodle and Asian chicken noodle made with rice noodles. And we will continue our strong investment in multicultural marketing. We will build on the momentum created by our successful Latino advertising campaign, which attracted new consumers to our portfolio. Here it is. Take a look.

(video playing)

All right, moving on to our third big consumer platform driving our innovation, which is easy, flavorful cooking. Dining at home is big business. Every day, 75% of meals across the country are made and eaten at home. That number has been steadily increasing while the time people spend preparing meals has been steadily decreasing. This represents a big consumer opportunity as there's demand for convenient solutions, fresh ideas and culinary excitement. Our portfolio is well-positioned to deliver all three.

Our classic condensed cooking soups have been the secret ingredient in family meals for generations. As cooking trends evolve, we have created new on-trend products to make modern meals just as memorable. We are excited to launch our latest cooking innovation, Campbell Soups for Easy Cooking. Around half of those people cooking at home spend 30 minutes or less making dinner. They want recipes that are quick, simple and will be enjoyed by the whole family. Campbell Soups for Easy Cooking is a selection of four aseptic soups, which have been specially crafted to make delicious meals in just 30 minutes. Varieties such as savory portobello mushroom and Mexican-style tomato are perfect for a simple beef stroganoff or chicken enchiladas. Some of the most popular recipes on Campbellkitchen.com, our online recipe site which contains more than 3,000 recipes, are Latin. To continue to capitalize on this trend toward culinary excitement, we will continue to support our recently launched selection of Latin-inspired condensed soups especially for cooking.

Swanson. Swanson embodies the concept of easy flavorful cooking. It holds the number one position in the broth category and generates $432 million a year in retail sales. During the past year, retail sales are up nearly 8% driving category growth. We will build on this success with more innovation, more engaging marketing and excellent in-store execution, especially during peak holiday periods.

We will lift the cooking experience further with the launch of our first cream product, Swanson Cream Starters. These are a great-tasting base for popular homemade soups such as New England clam chowder, cream of broccoli and loaded baked potato. In fact, homemade soup is increasingly popular, accounting for around 20% of all soup enjoyed in America. And Swanson is well-positioned to play a lead role in these cooking occasions. We will also relaunch our Flavor Boost selection and extend our flavor-infused broths with new, exotic and regional flavors to spice up meals and inspire culinary creativity.

Our Swanson consumers are confident cooks. They love food and love preparing and sharing meals with friends and family. For them, cooking is an extension of themselves. We've captured this in our campaign, Why I Cook, which resonates strongly with our target audience. We will continue to invest in this creative concept during fiscal 2015, engaging with people across a range of relevant platforms. We will significantly increase our digital marketing spend to connect with consumers when and where they are looking for culinary inspiration. More than 40% of people search for recipes online. That is up from 24% a year ago and 70% of people say they refer to tablets when cooking in the kitchen. Let's take a look at the Why I Cook spot.

(video playing)

Okay. Moving now to our Simple Meals portfolio. Prego generates $427 million in annual retail sales and is the number two brand in the $2.2 billion Italian sauces category. It's targeted to consumers who want to nurture their families with great-tasting, wholesome and hearty meals that everyone enjoys. F14 was another good year for Prego. We continue to lead growth in the category achieving our third consecutive year of sales and marketshare growth. Retail sales are up nearly 9% during the past year and marketshare has increased more than 1 point driven by strong innovation and effective advertising.

Central to this success was the performance of our white sauces. The line has attracted new, younger consumers to the brand and this year, we will expand the selection launching four new varieties and we will also launch three new flavors of our successful distinctive range of red sauces. Finally, we will continue to leverage the Successful Choices advertising campaign on both mainstream and Latino media. Let's take a look.

(video playing)

All right, onto Pace. Pace generates $249 million in retail sales and is the second-largest brand in the $2 billion Mexican sauces category. Our consumers are discerning salsa eaters who love flavorful foods and snacking. We will maintain our investment in innovation launching on-trend fruit salsas and extending our line of dips with a beer and cheese variety. We will enhance our competitiveness through quality improvements across our existing portfolio and continue to support the brand with the strongly performing New York City ad campaign.

So in summary, for US Soup and Simple Meals, we will continue to improve the quality of our core products. We will increase investment in brand-building to connect with more consumers and connect with them in more ways, in particular stepping up our digital and multicultural marketing activity. And we will enhance our consumers' experience by driving innovation around three big on-trend consumer platforms -- premium, taste adventure and easy flavorful cooking.

I'd now like to turn to our US beverage business and share with you how we plan to lead the veggie craze. As we've discussed with you, shelf-stable juices face challenges on a number of levels in recent years. At a macro level, the $7.6 billion shelf-stable juice category is under pressure. Some consumers are choosing from an ever-increasing range of beverage options as the focus on health and wellness continues to evolve. Others, partly in response to the economic environment, are switching to lower-cost alternatives like tap water. However, V8 is a powerful brand with a strong equity and competitive market position. After all, we've been juicing for more than 80 years, which has given us strong credentials in vegetable nutrition and goodness. These factors combined mean that we are well-positioned to lead in this environment. We are starting with a bold consumer-driven vision, which is to lead the veggie craze with V8. Veggies are on trend and we believe the craze is here to stay.

To start bringing this vision to life, we will be focused on three key strategies. One, make V8 the go-to beverage for health-focused adults; two, build V8 Splash into a powerhouse brand for kids; and three, increase availability for broader consumption. First to our health-focused adults. Previously, the V8 brand had focused on people who struggled to make healthy food choices and found it challenging to get the recommended daily servings of fruits and vegetables. As we look to drive consumption and lead growth in the category, we took a deep dive to understand which consumers most actively engaged with our brand and the category. We found that consumption is being driven by people who care deeply about health and value well-being. These people proactively seek new foods and ideas to complement their active lifestyles and they're relatively disciplined about how they live and the choices they make. We call them fit and hip explorers and these consumers have driven strategy number one, make V8 the go-to beverage for health-focused adults.

In fact, during the past year, we have begun taking actions to engage these health-conscious adults and are seeing encouraging results. We refreshed our core V8 vegetable range. We improved the quality, upgraded the pack design and shifted our communications to health-focused executions, which leveraged our iconic Could've Had a V8 campaign. Retail sales of our core V8 vegetable line are up 0.6% fiscal year to date and marketshare is up. In the coming year, we will continue to drive support behind this strategic direction to accelerate our early progress.

In F15, we will launch a selection of refreshingly bold juices for those who enjoy more adventurous tastes. The line will feature varieties such as spicy mango, sea salt and clam and mint and lime. We will quickly follow that launch with the introduction of a selection of bold colorful juices, which will hit stores in 2015.

Juicing is exploding and consumers are crazy for veggies. It is estimated that juicing is now a $5 billion business. We have worked in collaboration with our colleagues at Bolthouse Farms and are applying their learnings from the perimeter to the center store. You will hear more about the exciting plans for Bolthouse Farms from Jeff in just a moment. We have taken those learnings to launch a selection of mainstream hero vegetable juices that will make juicing super convenient, super accessible to all consumers and super delicious. We will introduce four varieties, all 100% juice with a compelling nutrition profile. They are carrot mango, healthy greens with kale and spinach, golden goodness with squash and sweet potato and purple power with beets.

We will streamline and simplify our portfolio to clearly align our products against consumer needs. As part of this, we will reposition V8 V-Fusion as a key part of our range of options creating a unified fresh look across our portfolio. Our goal is to make sure health-focused adults know that there is a V8 to quench each and every thirst.

A final powerful element of our growth strategy for health-focused adults is fueling V8 + Energy. This product is another bright spot in the portfolio and competes in the fast-growing $8.6 billion energy drinks category. Launched two years ago, the brand delivered $54 million in retail sales in the past year and grew nearly 52%. The lineup features a variety of energy drinks, which have strong appeal among busy women who need a pick-me-up during the day and enjoy our fruity, sophisticated flavors such as pomegranate blueberry and strawberry lemonade. We believe there is terrific opportunity for this business and we will continue to drive demand by expanding availability and extending the selection of consumer choices.

I'd now like to move to our second strategy, building V8 Splash into a powerhouse brand for kids. The Splash business generates $206 million in annual retail sales and includes a range of kid-friendly and parent-pleasing flavors such as berry blend and strawberry kiwi. We plan to continue to makes Splash a powerhouse kids brand by introducing more new flavors and more new formats. We know that parents and kids are busy. Parents tell us they want to keep their kids hydrated no matter when or where they are and we are making it easy for moms and dads with a range of conveniently sized bottles. The Splash brand has also performed strongly in Latin markets and we will step up multicultural marketing efforts in key regions.

Our third strategy is to increase availability through higher growth retail channels with a focus on convenience, club and e-commerce. We have been building our relationships in e-commerce and our distributor network for immediate consumption. We will launch an extended range of packaging formats specifically tailored for consumers who shop in these different channels.

So as you can see, we've got a very strong starting point in beverage with our V8 brand and have even started on the journey toward our vision of leading the veggie craze. We are confident that our three key strategies of making V8 the go-to beverage for health-focused adults, building V8 Splash into a powerhouse brand for kids and increasing availability for broader consumption will position us to win with consumers and customers looking for a leader in the shelf-table juice category.

In closing, there is a lot to be optimistic about across the Campbell US retail portfolio. Our vision is to elevate the consumer experience in Soup and Simple Meals and lead the veggie craze in beverages. Our brands are incredibly strong, our strategies and plans are clear and most importantly, we have a talented team that is focused on winning. We are ready to play our role in defining the future of food for many years to come. It now gives me pleasure to introduce my colleague, Darren Serrao, who will share our plans to expand into faster growing categories. Thank you very much.

Darren Serrao - ***Campbell Soup Company - SVP and General Manager, Innovation & New Business Development***

Thank you, Ed. Good afternoon. Today, I'll discuss our focus on driving breakthrough innovation to expand into faster growing spaces. I will tell you about how we have built a culture of innovation that is leveraging consumer insights, fostering a breakthrough mindset and introducing exciting new products for new consumers with greater agility and speed to market. And I'll highlight two exciting platforms created from this approach -- our leadership in driving the growth of a dynamic new center store category with Campbell's dinner sauces and our plan to extend our V8 brand into health and wellness category adult on-the-go nutrition.

As Denise discussed in her presentation, we are intensely focused on meeting the evolving needs, taste and lifestyles of increasingly diverse consumers. At Campbell's, our innovation mandate is clear and it is a key component of our growth agenda. We are driving breakthrough innovation to offer new products that extend beyond our traditional core categories, create growth opportunities in faster growing spaces and diversify our portfolio. We are leveraging platform innovation to reshape our portfolio and we are building new capabilities in a re-energized consumer first culture where fresh ideas, bold thinking and creative talented people will drive our success.

We've come far since 2012 when we recognized that we had to change in order to invigorate our innovation pipeline and pursue new growth opportunities in a changing world. As Ed just discussed, we have a strong stream of sustaining innovation to differentiate our core brands from competitors and delight our consumers and our customers. But we are also executing our strategy to deliver transformational growth through breakthrough innovation. This idea became a reality when we formed our breakthrough innovation group in 2012. Under this structure, we created dedicated breakthrough innovation teams, nimble, cross-functional teams, which include marketers, consumer insights experts, packaging engineers, product development experts, chefs, all of whom are charged with filling our innovation funnel.

These teams operate outside of our core structures and process to develop and own new Campbell products from concept through launch -- from the whiteboard, through the kitchen, into testing and out into the marketplace. We've also established a more rigorous and disciplined process based on best practices while adding great new talent. And we've been focused on developing a funnel of commercially viable consumer-centric ideas that have the potential to become scalable growth platforms with significant long-term growth potential.

One of the first ideas to emerge from this funnel was Campbell's dinner sauces based around a platform that we call cooking shortcuts. We introduced the product to consumers in 2012 with the launch of Campbell Skillet Sauces and expanded it last year with the addition of Campbell's Slow Cooker Sauces. Offered in pouch packaging, these convenient, easy-to-use sauces make it possible for consumers to prepare great-tasting meals with proteins like beef or chicken with just a few fresh ingredients. Our breakthrough innovation has fueled the growth of this category, which has virtually doubled in size to about $100 million in the past year and Campbell will continue to drive growth expanding this on-trend productline as you will hear in a moment.

Our success in dinner sauces is rooted in deep consumer insights. First, our understanding of our target millennial consumer. We shopped with them and we went to restaurants with them. We found they have a strong affinity for fresh, convenient foods and foods that satisfy their taste for culinary adventure and variety. We also learned that they value traditional authentic experiences and have a passion for cooking and not surprisingly they have busy lives. While more and more consumers are eating dinner at home, they have limited time and culinary skills. For instance, only 33% of dinners eaten at home are made from scratch and nearly 70% are so rushed that they are planned within an hour of eating.

As a result, consumers are relying more heavily on assembly cooking, leveraging kits or whatever means necessary just to get dinner on the table quickly and easily. This means that on most weeknights consumers are making the trade-off between the desire for great-tasting home-cooked meals and the demands of their schedule. Our dinner sauces provide the satisfaction of actually cooking a delicious meal, but helps you do so in just minutes with only a few simple steps. Let's have a look at the advertising from this year.

(video playing)

Consumer response to this proposition with trial and repeat rates that have outperformed industry and category best practices. Consumers tell us they love the dinner sauces, are a hassle-free way to make a great-tasting weeknight dinner in just a few simple steps. Today, our Skillet and Slow Cooker Sauces can be found increasingly in dedicated dinner sauce sections that we've worked with retailers to create during the past year. Consumer demand for the products, which have been ranged across different aisles, convinced our retail partners to devote shelf space from which we can build scale and drive awareness, trial and repeat purchases. With these sections in place, we've seen strong sales lift and achieved significant shelf gains. Overall, our dinner sauces delivered robust growth in the first nine months of the fiscal year.

But we are not done yet. We are pursuing further growth in this category by launching Campbell's Oven Sauces in September. Behind the stove top, the oven is the second most used appliance to prepare dinner. And Campbell's Oven Sauces are the solution for people who want to enjoy the comfort of oven-baked dinners, but don't have the time for our prep work. They are designed to create delicious meals with five minutes of prep time and three or less ingredients. Our first four varieties of Oven Sauces are designed to use with chicken, the most popular protein and include varieties like classic roasted chicken and creamy garlic butter to name just two. Like our other dinner sauces, Campbell's Oven Sauces will come in convenient, easy-to-use pouches.

Across our dinner sauces platform, we are offering fewer steps to great-tasting meals, which we believe make us different and better than the competition in the category. We have developed partnerships with leading appliance and cookware brands to expand this new behavior and will continue to expand the cooking shortcuts platform. While it is too early to talk about it today, you can expect to see other great new products later on in the coming year.

Now I'd like to turn to another compelling growth platform that we call performance enhancement. This platform is all about meeting the nutritional needs of consumers, especially active, on-the-go working professionals who desire food that will fuel their body and their mind. We know these consumers want food they can feel good about. We know that many are eating smaller mini meals throughout the day and we know the protein craze, in addition to the veggie craze that I've discussed, is going strong.

In our research, we are seeing that people are trying to balance protein consumption throughout the day and are seeking a good balance of protein from both plant and animal sources. We think there is a significant opportunity to deliver high-quality protein from grains, legumes and plant sources rather just from more traditional protein sources.

Based on our insights, we will launch V8 protein bars and shakes to enter the fast-growing $4.6 billion adult on-the-go nutrition category in the US. V8 has strong brand equity in health and wellness built around decades of experience in vegetable nutrition, so this is a natural and smart extension for the brand. We will offer three varieties of shakes, chocolate, vanilla and chocolate raspberry and three exciting bar flavors all starting in September. Our shakes provide 12 grams of protein from a combination of dairy, soy, P protein, brown rice and quinoa. The bars and shakes will also deliver fiber, vitamins and minerals. And we have used real vegetables and other real ingredients consumers can feel good about such as carrots and sweet potatoes for added nutrition and real honey as a sweetener.

Like us, our customers are excited and see these bars and shakes as an on-trend solution for the nutrition and energy space. And we believe that they have a compelling point of difference because they taste great and contain protein from both plants and dairy addressing consumers' growing awareness of the need to eat protein from a diverse range of foods. We believe that this productline will make on-the-go nutrition something to look forward to when people need a lift.

In summary, I believe our strategic focus on breakthrough innovation is gaining momentum. We are diversifying our portfolio and providing several avenues to enter new fast-growing categories. We are already successfully innovating against two platforms, cooking shortcuts and performance enhancement. We have identified four more platforms that we believe hold great potential and we will look forward to discussing those in the near future.

So we've put in place sound fundamentals and they are working. Our dinner sauces created around the platform of cooking shortcuts is showing promise. We are building scale in store and the product has won strong consumer support and we have an exciting plan to further extend the range. We have expanded pipeline around large and growing consumer behaviors and the culture of innovation that we are building is allowing us to adapt with greater agility, speed and experimentation.

We've come far in a short period of time, but there is more work to be done and we strive to become an innovation leader in our industry. With innovation that strengthens our core business, innovation that expands our reach into faster-growing categories and segments and most importantly innovation that surely delights new generations of consumers. Thank you. We will now take a short break and resume in 15 minutes.

Irene Chang Britt - ***Pepperidge Farm - President, SVP, Global Baking and Snacking***

(audio in progress) serve as context. Macro snacking in the United States is a $102 billion market growing at about 3%. This is being driven by Americans snacking more frequently across all dayparts. These eating occasions are increasingly replacing more traditional mealtimes as people look to mini-meals to keep them going during their hectic days. In fact, snacking on and incidence level has surpassed meals even in some of the traditional meal-oriented dayparts.

Within these mini-meals, people are seeking a variety of food to address different needs from nutritious foods that will get them going, sustain energy and control hunger to more indulgent treats and in all cases, people are looking for convenience, flavor and excitement.

While this shift is more prevalent among younger consumers and millennials in particular, we are seeing these new ways of eating adopted across all age groups. Our portfolio which spans grain rich breads to indulgent chocolate cookies is well positioned to take advantage of this behavior.

We also compete in large, growing and relevant categories. Cookies is a $6.7 billion category growing at 3.2%. The $14 billion fresh bakery category despite undergoing a radical transformation during the past 18 months is up 1.3% and the premium bread segment in which we largely play, is up 5.8%, while crackers, also a $6.7 billion category, is growing at 2%. These traditional center store categories also have growth potential in faster growing retail channels such as drug, club, convenience and eCommerce.

Now moving on to our business, Pepperidge Farm is at retail over $2 billion with over half of that in snacks and the other half fresh and frozen bakery. As you know, Pepperidge Farm has a long track record of delivering top and bottom line growth and we have also grown overall this year to date.

But there have been highs and lows. We saw a deceleration in the past quarter as you will recall. This was driven by some recent category weakness especially in crackers and some business soft spots despite strong growth in many of our brands. Beyond category dynamics, the challenges we faced were largely driven by two smaller businesses within our portfolio, all family savory crackers and frozen bakery.

Within the all family savory portfolio, we are cycling heavily supported new product initiatives which didn't meet expectations. We have delisted Jingos!, launched in fiscal 2013 and have been working to reframe the range for example refreshing our line of cracker chips with new flavors and packaging.

Our frozen business is mixed. Puff pastry continues to grow sales and market share. However like many categories in the frozen food aisle, we are competing with other sections within the store to play a relevant role in our consumers' lives. We are working to refresh our cakes and breads in order to deliver a more contemporary experience for families looking for convenience, taste and value.

We will continue to deal with these factors but we are confident that given our overall strong business fundamentals, our iconic brands and our cut above market position, we will work to mitigate these issues and begin to restore our overall momentum. And we will start with our iconic brand, Goldfish. Fiscal 2014 will markets its tenth consecutive year of retail sales growth, quite an achievement in this industry but we aren't satisfied. We recognize the competitive pressures across our categories and we are stepping up efforts against innovation, consumer connection, in-store merchandising and distribution to further build on this growth.

We are seeing double-digit consumption growth with our core target of parents with young kids. In addition, more than one-third of Goldfish sold are enjoyed in households without children creating opportunities to extend engagement with the brand across the generations.

Our cookies have also continued to grow driven by smart relevant marketing, successful flavor innovation and focused execution in merchandising. In addition, the introduction of our dessert shop range of large soft cookies has attracted new consumers to the portfolio and delivered incremental sales.

Our bakery portfolio is set to deliver its second consecutive year of growth due to an unrelenting focus on quality, execution and innovation. We will continue this drive to grow by delivering against our growth agenda, strengthening our core, and expanding into faster growing spaces.

First, to our core. Goldfish has come a long way. It was first launched in the United States in 1961 as a snack primarily eaten by adults and legend has it, was a go to hors d'oeuvre for culinary great, Julia Child. How times have changed. Today the brand is found in more than half of American households with kids and Fin is an instantly recognizable brand character.

During the coming year, we will focus our efforts on driving core growth in three key areas, developing deeper connection with parents, enhancing brand love and engaging children across a variety of digital storytelling platforms and driving incremental growth to the portfolio with new flavors and formats.

Goldfish crackers play a unique role within the snacking categories. They are one of the few snacks that kids ask for and parents are happy to buy. They help create moments of connection between parents and children at big milestone moments such as the first day of school or small moments that make every day special. Parents already tell us that they have a strong emotional connection with the brand and we will work to strengthen that further during the coming year.

We will invest in a new integrated parent focused marketing program which will include increased spending against digital, magazine and television advertising. For seven year, Fin and friends have delighted children. This groundbreaking storytelling entertainment franchise has been developed to positively address real-life challenges that children face every day -- problem-solving, making friends, tackling change and active play are all themes that Fin, Extreme, Swimmington and Brooke have dealt with empathetically and with humor.

We will continue this campaign in fiscal 2015 with a new season of television advertising. The story will also be told across multiple platforms including online games and apps. Designed to inspire creativity viewers can shape the storyline by voting online an approach that has been successful in building consumer engagement with nearly 3 million people visiting the site last season. Let's take a look at the upcoming season.

(video playing)

Seriously, kids get this stuff. We will support new product news on our sweet Goldfish grahams portfolio with a new television advertising campaign and continue to invest in kids magazine advertising which delivers an outstanding return on investment.

We will also drive incremental growth through sustaining innovation designed to create new occasions for Goldfish. One element of this program is the introduction of a robust set of seasonal varieties. Seasonality is a key driver of incremental impulse sales within our categories. Nearly 90% of consumers say they buy seasonal snacks and food with crackers and cookies among the most popular purchases. For Goldfish, this trend is even more marked. Seasonal Goldfish products have helped to increase household penetration by attracting new users to the brand, many from households without children. This year we will introduce limited edition flavors, packaging and formats to mark peak shopping periods including holidays, spring and summer.

But not everything has gone perfectly. Beyond our cracker range, Goldfish mac & cheese which launched last year, has not grown as quickly as expected but we have improved the platform and are continuing to expand availability.

I would like now to turn to our sweet snacks portfolio. As I mentioned during the past year, we have delivered topline growth on this portfolio through effective consumer marketing and innovation which has driven incremental sales.

The core Milano range has delivered double-digit retail sales growth as the result of advertising built around the insight that our target consumers, women aged 25 to 44 need a Milano moment, a few moments just for themselves. We will feature this successful advertising campaign again in FY15 targeting viewers on digital television platforms.

In addition, a selection of seasonal flavor variations have delivered strong incremental growth. We will continue this innovation program with the launch next month of our first fall Milano flavor, pumpkin spice.

Last year we introduced a new variety of large soft baked cookies into our portfolio. Inspired by America's love for traditional desserts, Dessert Shop featured limited-edition seasonal cookie versions of cheese cakes and pies. The range has proved popular and delivered incremental growth to our sweet cookie portfolio. This year we will continue to innovate with flavors such as blueberry cobbler and chocolate brownie and rotate seasonal variations such as pumpkin cheesecake.

Beyond Dessert Shop, we also saw an opportunity to create sweet treats for the morning allocation. You see, over 25% of the cookie category volume is eaten before noon as consumers like to either start the day with something to go with their hot beverage or punctuate mid-morning with a little pick me up. So we leveraged our soft cookie baking expertise to create treats tailored to this consumer occasion. This new range called Coffee Shop cookies reimagines cafe favorites such as cinnamon bun and banana nut and we just launched them this month.

Now moving on to our bakery portfolio, our fresh bakery business has had a very strong year to date. Retail sales are up about 7% versus the previous year to date and we have gained market share. Despite increased competition in the category, we maintained a steely focus on delivering the fundamentals, outstanding customer service, and great quality product. This ensured we retain space in stores, continued to delight consumers, gained while Hostess Brands were absent from the market and helped build additional distribution in growing channels such as drug.

Driving some of this growth has been our buns and rolls range. Grilling is increasing in popularity across America. More than 60% of grill owners say that they grill year round and the buns and roll segment is currently the fastest-growing segment within the bakery category.

We have been able to capitalize on this trend through a program of quality improvements, effective marketing and improved distribution to drive strong double-digit growth of our range. Our core range of breads is benefiting from the growing popularity of sandwich behavior. Consumption of bread in sandwiches is up 4.5% compared with year ago driven in part by growth in the mini-meal and snacking behavior I discussed earlier.

We will work to continue to build the appeal of our premium sandwich bread selection by stepping up consumer investment and in-store activity focused around inspiring sandwich ideas. We will also continue to push the boundaries in the premium segment with new artisan breads which are currently in test market in selected Northeast markets.

Finally, our family favorite swirl bread continues to grow. We are proud of our industry-leading innovation here. With our limited-edition seasonal flavor varieties such as blueberry, strawberry and caramel apple, we have not only brought taste adventure to the breakfast segment but we have also attracted younger households to our brand while our permanent varieties such as cinnamon retain strong appeal among our core consumers. We will continue to leverage our baking and flavor credentials to grow the business building trial and repeat among young families looking for a wholesome start to the day.

Turning now to our plans to expand into higher growth spaces. We are making a significant investment against this strategy within our Goldfish brand. Last year we launched Goldfish Puffs, a snack created for teens and they also happen to be gluten-free. This innovation was grounded in the insight that moms were hesitant to buy goldfish for their teen children fearing that they had grown out of their favorite childhood snack. Teens unsurprisingly had a contrary view. They still had a strong affinity for the brand which brought them comfort and reassurance from their overscheduled lives.

As a result, we created a teen friendly Goldfish product. To date we are encouraged by the results with strong repeat purchase rates helping to create a new platform for growth for our iconic brand.

During the coming year, we will launch a new flavor and drive awareness and trial through teen focused marketing activities focused around music and celebrity including a sponsorship of the popular teen event, the Z100 Jingle Ball in New York City.

On our Hispanic opportunity, Goldfish and the cheddar colors variety in particular over indexes with Latino families. During the coming year, we will step up activity to connect with this critical target market. This will include driving trial and awareness through expanding distribution in key Latino markets and investing and supporting activities most relevant to those communities. This month we have also introduced two Latin inspired flavors, Screaming Hot and Zesty Chili Lime.

During the past year, we have had encouraging success increasing distribution through faster growing channels such as drug, club, value and eCommerce which account for just less than half of all retail food sales. We will continue to invest in working closely with these retailers to develop offerings that meet their requirements and the needs of their shoppers. This includes a range of packaging formats and product configurations designed to drive availability and convenience.

Finally, we will continue to leverage our DSE network to deliver outstanding levels of customer service. Our national network of independent distributors is one of the best in the industry providing us with flexibility and an energy level that only a set of independent entrepreneurs can bring.

In summary, we will implement a plan built around our two strategic imperatives. We will continue to grow the core through investing in new products, increasing advertising spend, and deepening consumer connections. In faster growing spaces, we will continue to attract new users and drive distribution through faster growing retail channels.

Thank you and now let me introduce the President of our International Division, Luca Mignini.

Luca Mignini - ***Campbell Soup Company - Campbell International***

Thank you, Irene, and good afternoon, everybody. I am pleased to be here today to show you an update from Campbell International.

Earlier today our CEO, Denise Morrison, talked about our Company purpose and growth agenda. As we strive to become a profitable $10 billion plus Company within five years, a meaningful portion of the faster growing spaces and new generations of consumers that Denise mentioned will come from developing markets which are forecast to account for more than 80% of future growth in the full industry. Further, it is integral to culture, so when we talk about real food that matters for life's moments, it is a (inaudible) to deeply connect with our consumers' needs and understand their role food place in each market.

Last year we explained our strategy to build a focused international portfolio in markets that will offer profitable growth over time and in which Campbell can effectively compete. This is the standard we hold ourselves to in setting priority for the division and we have applied this strategy to form an ambitious yet disciplined plan that is starting to gain traction.

The foundation of our plan was to reshape our portfolio in line with our strategy and we have taken several bold strategic steps forward. We sold our European Simple Meal business comprised of several small national brands. We successfully closed on the acquisition of Kelsen Group, a producer of high quality baked snacks and a market leader in the assortment segment of the sweet biscuits category in China and Hong Kong. We made and continue to make investments in our supply chain and manufacturing capabilities to support our continued rapid growth in Southeast Asia and we optimized our organizational structure reducing SG&A costs and enabling greater agility and accountability in our local teams.

Within our reshaped portfolio at fiscal year 2014, at the end of the first quarter, our developing market businesses have contributed 24% of overall net sales for Campbell International. Going forward, we will continue to apply focused investments to accelerate developing market businesses where we have a solid foothold such as China, Indonesia, Malaysia and Mexico.

However, we must also work to address a critical issue that remains in the core of our business in Australia which accounts for just over half of overall net sales in international. I will talk more about our turnaround plan for this business in a few minutes.

Before we dig into the portfolio, this slide provides an overview of our strategic objectives. These are the places we are applying our resources in a laser focused pursuit of growth for the Company. Starting from strengthening our core in Australia and moving to our expansion in the fast-growing markets of Southeast Asia, China and Mexico, all of these efforts are supported by a set of enablers that will help drive performance capability at every level in the organization.

In taking a closer look at our portfolio, I wanted to start with what we are doing to strengthen the core and turn around our Australian business, the heart of the international division. This business has been challenged in recent years and we have worked to drive productivity, reduce cost and stabilize both our iconic businesses, Arnott's and Campbell's. Still the fact remains that we have not made enough progress as quickly as we wanted and the business is still underperforming. Through a combination of recent actions and our plan for the year ahead, I do believe we are capable of reclaiming sustainable profitable growth in Australia in the medium-term.

We have implemented a new strategic vision, optimized our structure, identified supply chain efficiency and placed emphasis on the rigors of rational discipline. This action has only been in place for a few months but we are starting to the some early signs of positive outcomes including better predictability in our results and stronger relationships with our customers.

To be successful in turning around our Australian business, we need the right strategy, people and capabilities. Starting with our approach to the business, we have taken a step back to deeply examine consumer needs in Australia and the role our product play in the (inaudible). By looking at those real food moments, we are returning to the core equity of the brand our consumers love and the reason why they love them.

There are certain new strategies strategic vision we have put in place will help us begin to reclaim modest topline growth by the end of fiscal 2015. We have set clear roles for each brand in our portfolio based on growth potential and this role will serve as our guide in making disciplined choices across our operation, investment and cost management action.

We will also look to invigorate our innovation capability and work closely with our strategic retail partners to execute tailored joint business plans with aligned promotions and in-store activities.

Taking a closer look at the growth brands in our portfolio, there are several levers we would pull to drive their growth. At the top of the list is an increase in marketing investment including advertising. We have historically been far below our peer set in this area and we believe has caused some of the erosion of consumer awareness we have experienced. In the beginning of fiscal 2015, we will make equity-based investments on our growth brands and move to higher level of continuous advertising.

We are also exploring package sizes and formats to ensure our products are portable and portioned whether a shopper is seeking for a quick snack or looking to stock up for a large family. And similar to what you have heard from other speakers today, we are leveraging our impressive network of chefs, product development technicians and supply chain experts to give our consumer the high-quality products they expect in the flavor they want.

Building on the success of our Real Stock Celebrity Chef partnership, we have entered a new partnership with famous Australian (inaudible) and launched a line of (inaudible) biscuits that include on trend flavors such as white chocolate raspberries and salted caramel as well as a red velvet which launched just yesterday.

In addition to having a solid insight-driven strategy, we have also optimized our organizational structure and decreased layers of management. We are bringing accountable for decision-making directly to the level of those closest to the business and freeing up valuable time and resources to focus on our consumers.

We have made leadership changes to ensure we have an agile, responsive team driving the business starting with our President, (inaudible), and our Vice President of Marketing, David McNeill, both of whom joined in October 2013. We appointed Andy Wheeler, a Campbell finance executive as a critical and dedicated partner to (inaudible). We also elevated Dr. Jennifer Morris, who was (inaudible) in Australia to be the Global R&D leader. This allows us to better leverage our worldwide product development technology and capability network to fuel our innovation pipeline.

With our strategy and team in place, our last key lever is to evolve our supply chain capabilities and efficiency. We are nearing completion of our supply chain automation project in Australia that is expected to improve our capability as well as yield significant saving, some of which is captured in the current fiscal year. Going forward, we will continue to move to work flexible automated solutions that will allow us to better meet consumer preferences for package size and types.

The road ahead of us in Australia will remain challenging but I do believe we can reclaim sustainable profitable growth over time through our disciplined consumer set approach and expanded capability.

Moving next to the ways we are expanding into faster growing spaces, Southeast Asia remains the start of international portfolio and has delivered double-digit growth in the first three quarters, strong double-digit growth. In Malaysia, our Prego and Campbell brands have strong recognition and presence with fiscal 2015 goals to increase distribution and continue to drive solid in-store execution. We are also investing in advertising to raise consumer awareness particularly with our Prego sauces.

As we look to unlock the full potential, the full growth potential for this division, our focus is on Indonesia and accelerating our strong biscuit business. With a population of more than 240 million, Indonesia is a vast growing economy and a GDP of nearly $850 billion, snacking is a well-established behavior and the [savory] biscuits category is $1.7 billion. Our core brands, Good Time, Tim Tam, and Yum Yum, have performed exceptionally, have been driving significant double-digit net sales growth in the first nine months of fiscal 2014. Through our existing plan, we increased distribution more than two-thirds in the general trade making strong progress toward our goal of replicating the number four position we hold in the modern trade.

This year we are continuing to our focus in two existing areas. First, we are continuing our investment in our three core brands through a combination of consumer awareness brand and flavor innovation. Second, we are working to increase general trade distribution by an additional one third. We are supplying additional resources to two new areas. First, to capitalize the snacking behavior and opportunities in the general trade it is critical for us to produce highly portable package sizes so we are making a significant investment in our facility located in [Mekasi], Indonesia, to further expand capacity and manufacturing capability.

Second, we are entering the savory biscuits with the upcoming launch of an Australian favorite, Arnott's Shapes. Savory snacking is a large incremental segment size of $300 million, and we are confident in our recipe, our product, technology and flavor innovation and the iconic (inaudible).

Across China our focus is squarely on the $8 billion biscuit category. The acquisition of Kelsen is a meaningful step toward the goal of expanding in faster growing markets. In the first nine months of fiscal 2014, the business has contributed nearly one-fifth of our net sales from developing markets.

The 81-year-old Danish biscuit company is the producer of well-established market leading brands including Kelsen and Royal Dansk. Notably in China, the Kelsen brand carries the reputation as a nutra premium gifting choice based on its Danish authenticity, high-quality ingredients and traditional baking craftsmanship. This year Kelsen was once again selected as the only butter cookie company in the world to receive the endorsement of the Royal Danish Court.

We are on track with our plans to integrate the business into Campbell, and have a specific set of goals which leverage the acquisition as intended. Specifically in the short term, we will drive the existing gifting business through targeted geographic expansion and increase consumer spend.

Within China. Kelsen has an efficient (inaudible) route to market capability, calling key cities and their surrounding smaller cities. Our immediate goal for geographic expansion is to replicate this formula in additional cities where we have only a small presence today.

By increasing consumer spend, our goal is to increase consumption during peak gifting seasons such as Chinese New Year and mid Autumn Festival. We already start from a strong position. The flagship Kelsen brand has a very high awareness in core cities with aided awareness as high as 91% in Shanghai and 98% in Hong Kong. We will support our increased spending with targeted (inaudible) selectivity to ensure we gain the best possible return.

Over the longer term, we will evolve the capital range beyond traditional gifting season and if all the (inaudible) in our portfolio alongside our everyday snacking brand of Pepperidge Farm and Arnott's.

The anchor of our Latin American business is in Mexico, a key market with a population of more than 100 million people and a juice category size at more than $830 million. Last year I talked about the changes we made in our business model and that we enter into manufacturing and commercial partnership agreement with Grupo Jumex for our beverages products and La Costena for our Soup and Simple Meals products. The transfer of manufacturing sales and distribution to our departments towards our Mexico team highest priority. It was executed smoothly. In terms of the south, we have seen slower progress than we expected and we are working through a number of external pressure resulting from the economic slowdown and new excise taxes.

With beverage, we saw modest growth in distribution. Importantly though, we are still seeing high consumer adoption rates for our beverage products with more than one-third of consumers who try V8 Splash moving to repeat purchase.

Our plan for FY15 will combine push and pull tactics. We need to make sure our beverages are readily available for purchase by the people who love them so we will work closely with our partners to drive distribution in the modern and general trade while concurrently increasing our advertising support to drive awareness and introduce our V8 beverages to an even broader base.

Overall our relationship with Jumax and La Costena continues to grow. With the (inaudible) processes complete this year, we can place increased energy into accelerating our progress with clearly aligned and tightly focused plans and objectives from manufacturing to distribution to marketing.

To truly reach our potential, our businesses will also grow through smart external development. We will continue to pursue attractive opportunities which give us access to new markets of which help us to build scale in markets where we already have a foothold. We are targeting many types of relationships, notably potential acquisitions, joint ventures and partnerships. Our geographic focus extends through Asia and Latin America and our category focus is squarely on baked snacks and healthy beverages. For example, we are looking at opportunities to build scale in regions such as Southeast Asia where we have momentum and a strong foothold in biscuits.

While we cannot predict or control external variables, I can tell you that the Campbell has a seasoned aggressive team in place to pursue and win with the right opportunities.

So to summarize, we expect the actions laid out today to yield a clear sign of progress in the next 12 to 18 months. We will stabilize and restore moderate overall growth in Australia. That is a key. We will deliver double-digit net sales growth in biscuits in China and Indonesia. We will grow distribution and sales volume in beverages in Mexico and we will focus on Asia and Latin America where we seek to complement this organic growth with smart external development.

All of these goals are supported by two critical enablers, supply chain and talent. We are driving and investing in holistic global approach with focus on expanding capacity in Southeast Asia and optimizing costs in capability in Australia. We are also developing a multifunctional, multicultural workforce while expect in local market as well as growing global markets. This process started with our key leadership position across Asia-Pacific, Greater China and Latin America and we are continuing into key roles at every level of the organization. The Campbell International business will hold a meaningful role in delivering the Company growth agenda and we are on course to build a focused international portfolio focusing in markets that will offer profitable growth over time and in which Campbell can effectively compete.

Thank you for your time today. I would like now to call to the podium, Mr. Jeff, to talk about Bolthouse Farms.

Jeff Dunn - ***Bolthouse Farms - President***

Thank you, Luca, and good afternoon everyone. I am Jeff Dunn, President of Bolthouse Farms. Last year was the first time presenting to this group and I told you at that point that my team was incredibly excited about the integration efforts with Campbell's and that is even more true today.

We found the optimum balance between being an autonomous business unit leveraging what is uniquely Bolthouse and one that fully leverages the scope, scale and power of the Campbell's system. Every day I see new examples of the benefits of being part of the Campbell's system. Excitingly, I also see how Bolthouse Farms is impacting Campbell's the other way. Earlier today, Denise talked about Campbell's purpose work and the growth agenda for the Company. The Bolthouse team actively participated in the creation of the mission and the growth agenda and we think about Bolthouse business being extremely aligned with that greater mission.

We think of ourselves as a purpose driven organization that is focused on dual mandate of growing both our core franchise while moving quickly to capture opportunities in faster growing spaces.

Our comprehensive integration efforts are providing us with the resources and know-how to drive that dual mandate continuing to innovate and grow our base carrot business, our healthy beverage and dressing businesses, while capturing what we see are significant opportunities in new package fresh categories as well as expanding availability into new channels. This visual provides a glimpse of our strategic approach as well as my agenda for today.

I am going to spend time reviewing our fiscal 2014 base growth drivers as well as our commitment to move in aggressively into nontraditional channels such as convenience stores, drug stores and food service. I will finish up by reviewing the early sell-ins introducing some new Bolthouse items excitingly into the packaged fresh space.

You may recall this next slide from last year. Our business is really split into two business units, our Farms business and our CPG business. Farms is our fresh carrot and ingredient business while CPG is healthy beverages and salad dressings. As you can see, our CPG business is a very high growth, high double-digit operating and very healthy categories. Our net sales is now up to about 40% up from 38% last year. Our Farms business has a two-year compound net sales growth of about 4% with that growth being driven primarily by acceleration in our organic and premium carrot product lines.

The organic carrot category is up 17.6% in the last 52 weeks while premiums are up 12.3%. Our internal growth rates mirror those external category rates.

As most of you know, consumers are juicing a lot more at home and are using both our fresh carrots and juice products to make at-home healthy beverages. To that end, we introduced juicing carrots last fall and we have seeing good traction on this product. This is a 10 pound bag of carrots for those of you who don't juice or have horses.

Most importantly, we have done a good job in blocking and tackling on two important fronts, operational savings and carrot contract renewals. In fact, our operations team has reduced by 6% our cost per case driving real productivity. This has enabled us to remain price competitive in the market despite increasing input costs. We have also done a good job of retaining and capturing new retail customers some of which are represented on this and also renewing many of our existing customer contracts.

For fiscal 2015 and beyond, the focus for our Farms business is pretty simple. It is all about executing the basics. We are going to press hard on the best combination of customer service and quality. You will hear later in this presentation about significant capital improvements we have made in Bakersfield which are allowing us to continue to make customer service and quality job one. We will also be testing this new carrot packaging you see up on the screen which closely mirrors the evolution we have gone through in terms of our beverage package graphics in order to more closely align the brand around both carrots and beverages.

Turning to beverages, we continued to see strong growth with plus 15% compound two-year net sales growth in a very dynamic, changing and competitive category. Our growth over the last year has been driven by back-to-back years of on trend and highly accretive innovation. We are best in class in the category in terms of our innovation hit rate so much so that our new base innovation represented almost 40% of our total beverage growth in fiscal 2014.

This new innovation has also fueled significant in-store wins. In the last 52 weeks, we have expanded and increased our total distribution as well as number of SKUs per point of distribution. Our share of shelf does not yet mirror our leadership share of market, still lots to do but we continue to make progress on this critical goal through smarter merchandising strategies and a focus on deploying our trade spending more efficiently.

We also launched two new package sizes, an 80 ounce bottle and its little brother, and 11 ounce bottle. These packaging innovations were developed to satisfy a broader array of consumer and customer opportunities.

Lastly, as I will detail out in a few minutes, we made very good progress in fiscal 2014 towards a significant expansion in the number of nontraditional outlets in which we are available and my vernacular nontraditional is anything other than grocery, mass and club which we are really focused on in the early stage of the brand.

All of these individual initiatives contributed to a continued strong share growth story in measured channels over the last 12 months. This chart specifically shows that our share is up to about a 36.3% market share, up 1.5 share points versus a year ago and plus 16% with an expanded share gap versus the number two player for both all of the last three consecutive periods. So a great share story.

A key driver of our most recent share growth is actually our innovation from last spring, the spring of 2013. But what is important is that the new products you see here and we will taste later today are direct descendents of that very successful approach of introducing more veggie forward beverages with on trend ingredients, naturally lower in sugar and calories. Last year for example, we introduced daily grains, a kale forward beverage and it ranks today as our number two velocity SKU. We are following that up with daily roots, a beet forward product that is 100% vegetable juice. As part of this spring's suite of products, we also introduced tropical goodness for those of you that enjoy rum made with coconut water and I have heard numerous times, it is a vacation in a bottle especially when drunk with rum.

Back in 2009, we were one of the first super premium brands to create and execute a multi-package strategy designed to give consumers a better value proposition as well as broaden the consumer occasions that we could capture effectively. This spring we are building upon that with this new 80 ounce size primarily focused on club stores and the new 11 ounce size which you think about as primarily grab and go package. Selling today in a large national retailer, that 11 ounce size which has been out about three months has been about 90% incremental, 90%. The balance of the line is being expanded as we speak.

Last year we committed that during fiscal 2014 we would begin to invest in both house brand building. We did just that with very positive results but before I take you through the results, I want to remind you of a couple of consumer dynamics and some folks at the break mentioned it to me.

First, Bolthouse Farms beverages have the strongest brand loyalty in the super premium category. Secondly, we are a bit awareness challenged. While we are the market share leader in super premium juices, in measured channels we are not the market leader in brand awareness.

Thirdly, we have very strong post use purchase intent. This is a perfect recipe for brand marketing investment in beverages. Over the last year we developed and launched a beverage led campaign leveraging our carrot farming credentials to drive brand differentiation. This campaign had traditional components like out of home and a huge digital component including an exclusive partnership with Instagram which was the first of its kind. In addition to the beverage campaign, we launched several mission focused efforts such as the Food Porn Index, helping bring fruits and vegetables to the forefront to shine a light on the incredible imbalance between not so healthy food we all love to share digitally. I'm sure all of you have done it and healthier foods, which don't seem to get the same level of photo sharing. This type of effort is critical to building our long-term health credentials.

Lastly, we tactically utilized public relations and digital media to support all of our new product and flavor launches. All of these activities help create a lot of Bolthouse buzz in the market but importantly also drove increases in market share, in-store velocities and test market brand awareness. You will see us executing this campaign at additional markets in fiscal 2015 and let me show you a short video which will give you an idea of how this felt in the marketplace.

(video playing)

So turning to the Little Engine that Could, our refrigerated salad dressing business over the past two years, this business has achieved a 29% net sales compounded annual growth rate and we couldn't be more pleased. With strong innovation, good retail support and an on trend better for you nutritional profile, our dressing business recently achieved its highest dollar market share since its inception and is up 24% in the last four weeks.

We recently introduced two new line extensions, mango chipotle, you might have tasted at lunch and cilantro avocado, very strong velocities on these two. In fact, cilantro avocado is outperforming our number one Velocity SKU, ranch, which is incredible for a new flavor launch.

In addition to the new base extensions, this spring we also launched a line of Greek yogurt salad dressings. Greek yogurt continues its streak of super on trend and who better to launch a line of Greek yogurt salad dressings than the yogurt dressing leader. We will continue to focus on increased distribution for Greeks but early reads on Velocity are good.

I have covered both the drivers of our core business and how we are thinking about future base business growth. Now I want to transition to the faster growing spaces such as nontraditional channels and launching into new packaged fresh categories.

Capturing our fair share of nontraditional channels is a big idea for us in the next couple of years. It will drive both increased revenue and increased brand awareness. Importantly, we have strong results to build from. This time last year our beverages were sold in about 11,000 doors. Today we have increased that number 19,000 in the last 12 months so a total of 30,000 today. Our nontraditional velocities are good not great so we have some work to do but we clearly see opportunities in other nontraditional outlets going forward. The addressable universe roughly is probably 100,000 so maybe 30% penetrated at the opportunity.

I now want to move to our last focus area, breakthrough innovation. This is our strategic focus area where you extend into new high-growth packaged fresh categories on the perimeter of the store. As Denise said earlier, packaged fresh is an $18 billion category with stronger than average growth rates driven by the up and coming millennial cohort.

Our clear intention is to capture more than our fair share of this opportunity by making Bolthouse Farms the most relevant and exciting brand in packaged fresh perimeter. As part of this strategy, we are excited to launch Bolthouse Kids, an innovative kids snacking portfolio that provides kids with refrigerated fruit and vegetable snacks for their children.

As most of you can tell from your own eating behavior and as Irene touched on just a little while ago, we are quickly becoming a nation of snackers. There are clear trends that adults are moving to healthier snacking and demonstrating a willingness to pay more for healthier snacks.

However, kid snacks aren't following that same healthy trend. Kids favorite snacks such as chips and ice cream still tend to be relatively less healthful. The good news is our research shows that kids would snack healthier if they had available and we as farmers and manufacturers have an opportunity and responsibility to provide kids with a broader range of options including healthier ones.

Here is good news from my vantage point. There is a significant revenue opportunity as we estimate the kid's snacking business is about a $1 billion subsegment within packaged fresh so of the $18 billion, about $1 billion represented by many of these single-serve on the go items you see up there and this opportunity is being driven by tremendous growth in single-serve, on the go items demonstrating a white space opportunity for healthy kids that are easy for mom or dad to roll with in the car or the stroller.

Our kid's platform will launch in about three weeks with a focus on millennial moms with kids 4 to 11. Each of these products, smoothies, fruit tubes and veggie snackers were formulated with mom's needs in mind. They are all fruit and veggie focused. None of what we call be no no ingredients that mom is trying to avoid such as added sugar, high fructose corn syrup. They have been tested with kids for the yum factor. They taste great and kids love them and they are packaged in convenient single-serve containers for easy lunchbox inclusion but sold in multipacks for mom to stock up on.

Both smoothies and fruit tubes have non-dairy options which is a significant advantage in their respective categories given increasing dairy intolerance with many children.

To create scale in the produce section, where these will be merchandised and an easier shopping experience for moms, we will be installing a healthy snacking merchandising solution which will create kid's snacking destination in produce. This section is intended to not only include Bolthouse Farms kid's products but other like-minded products from other manufacturers such as fruit cups, carrot dippers and others. Early reaction by customers has been has been very strong and in some cases retailers have found this to be such a smart idea that they are taking the concept further and redesigning their entire produce snacking section to better address this occasion.

Clearly one of the questions you have to ask about is how is Bolthouse going to handle all this growth operationally? And the answer will be aggressively and with the help of our parent company. This is a great example of how the Campbell's relationship is accelerating the growth potential of Bolthouse Farms.

In May of this year, we completed our third beverage line which had the capability to fill the 6 ounce kid's product, 11 ounce and the 80 ounce bottles I mentioned earlier. Recently a multi-million dollar warehouse expansion was approved increasing our refrigeration and freezer space. This project also increased our daily truck loading dock capacity by 40%. We will complete this expansion in time for our busy holiday season later this calendar year.

In June, we just recently received approval to make a $50 million CPG production capacity expansion investment in Bakersfield. This largest ever investment in our CPG business will provide us a fourth beverage line, enable us to double our high pressure pasteurization capabilities for salad dressings and other new packaged fresh ideas, and a dedicated packaged fresh production room for innovative products that are currently in underdevelopment.

In summary, we are very much focused on the dual mandate, our dual mandate, of growing our core while accelerating our progress into these faster growing spaces and channels. We are going to do this in four basic ways. We are going to win in fresh carrot with superior customer and quality. We are going to drive operational excellence and cost savings through enhanced productivity. We are going to drive our CPG growth by fully leveraging our strong track record of product and package innovation coupled with very strong availability gains and finally, we will successfully launch into new attractive packaged fresh categories such as kid's snacking.

So I wanted to leave you today with two thoughts. It has been two years since the acquisition by Campbell's and the integration has been fundamentally seamless in my opinion. We are creating better ideas and new ways of sharing those ideas. We are finding unique ways to accelerate our capabilities and performance and most importantly, we are co-creating with Campbell's a pathway to enable Bolthouse Farms to be an even bigger player in this packaged fresh space.

We are thrilled to be part of the evolving Campbell's story and the fact is we started with a mission to inspire their fresh revolution and we now think about that as inspiring the fresh revolution by creating food that matters for life's moments, a very clear mission for our group. We are very focused and I appreciate the time today. I think at this point, we are going to do Q&A.

QUESTION AND ANSWER

Jennifer Driscoll - ***Campbell Soup Company - VP, Investor Relations***

As we bring the management team up, let's give them a hand. Thank them for all of their presentations.

Thank you, everyone for waiting so patiently to ask your questions. I see hands are already beginning to be raised. I just want to remind you to wait for the microphone so that your question can be heard on the webcast and to identify yourself. The first hand up was Jason English from Goldman.

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

Thank you, Jennifer. Mark, a question for you on rejuvenating North America. I think in the last conference call you talked about a falloff in promotional efficacy. We have seen you over the years shift a lot of dollars away from traditional A&P into promotions. What is the path forward on this now? Can you pull money back out to reload A&C? Is that the right direction or is the focus on improving promotional efficacy? And if so, how do you do that?

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

I think that is an and Jason. We know that a number of their promotions we ran this year particularly in the third quarter as we discussed didn't elicit the kind of response that we were looking for so we know there is an opportunity to get more efficient and more effective with our promotional dollars next year. So you are going to see that happen.

We are also going to rebalance a little bit back as Anthony talked about towards A&C. We did rob a little bit of Peter to pay Paul this year and we will be rebalancing that as we head into next year.

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

We typically try and stay within a total ACT advertising consumer and trade about 25% of sales. The compensation of that will vary by the category and the competition and the actual market share and share of voice that that brand is expected to achieve and we have made some mistakes. Sometimes we have gone a little bit too far and we are able to course correct.

Jennifer Driscoll - ***Campbell Soup Company - VP, Investor Relations***

David Driscoll, Citi.

David Driscoll - ***Citigroup - Analyst***

Great. Thank you. Long-term targets were reiterated today. However, the Company also went on to say in the press release and I quote it just -- here is the quote -- "the Company indicated that it may need to continue to reshape its portfolio to achieve these long-term goals." One interpretation of that kind of comment is that in the long-term goals with the current portfolio are not achievable. So Anthony and Denise, can you two talk about what the implication of that statement is and did you consider lowering the long-term targets?

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

Yes, the implication is as you said to me it is pretty clear. When we set those targets -- they have been in place for a while. In the categories in which we compete, we are growing at a higher rate than they are growing today. So as we look out in the current environment and look at what we call our portfolio momentum, so our share in those categories, we were having difficulty seeing how we can get back to those long-term growth targets unless the fundamentals of the center store change. We are hopeful that that does happen over time but we wanted to be pretty transparent with you in terms of what the expectation is for growth.

We have made a lot of progress with the three acquisitions in helping our overall growth momentum because each of those is growing faster than the average so that is helping and as we look externally, we think more acquisitions can help do the same type of thing.

In terms of change in the targets, that is an interesting question. As I look at it, you look at our business, we've got good margins, strong ROIC, strong cash flow, the best way for us to create value is by improving our organic growth profile. We don't want to give up on that aspiration and we are trying to push our businesses to get back to that 3% to 4% but we wanted to be realistic at the same time.

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

And I think just to build on what Anthony said, when we did set those long-term targets, we also did not anticipate three things. We didn't anticipate that our beverage shelfstable juice category would stall. We didn't anticipate the situation in Australia which Luca addressed as turning around and we didn't anticipate the severe headwinds in the food industry in general. And so taking all of those into consideration, we intend to get to the long-term targets, it is just a different path.

Ken Goldman - ***JPMorgan - Analyst***

Ken Goldman, JPMorgan. A question on plant-based beverages which I think you highlighted today. You obviously based on your own commentary want to get bigger I think within plant-based beverages, you see it as an opportunity. How comfortable do you feel with your current portfolio in terms of the breadth of products -- PBB can talk about or we can talk about a lot of different categories within that. How comfortable are you with the breadth of products you have to compete or even grow in that area and can you grow different brands organically, do you need to use M&A to get there? I am just curious how you think about that category and your positioning with it?

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

I think, Ken, we have a pretty broad portfolio when it comes to healthy beverages between the V8 franchise and Bolthouse Farms and we are covering a lot of space with super premium chilled up here, with mainstream shelf-stable juices down here with powerful brand equities with V8 and Bolthouse Farms.

So we have got a lot of territory covered but as you saw from the presentations from Ed and from Jeff, there is a lot of expansion opportunities in there still. So there aren't very many companies that have the breadth of coverage that we have in that space.

Unidentified Company Representative

I would say from a portfolio standpoint, we are actually pretty well covered on better for you beverages. I think the broader issue is continuing to build out our capabilities to address all channels and occasions. And a secret to the beverage business -- many of you covered beverages is you can't just be in the grocery store. You've got to be where people want to pick up a beverage and coming out of the Coke system and now building a direct to market, a distributor network and we have been doing the same on the refrigerated side. I think it is critical and as we have started to do that over the last couple of years, we are seeing more and more and it is a virtuous cycle. You drive availability, it drives brand awareness, it drives trial, it brings it back to the grocery store. So that I think is as critical as the portfolio as we think about the next couple of years.

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

Our media consumption business is only 10%. In a lot of beverage companies, it is closer to half.

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

Alexia Howard from Sanford Bernstein. It seems as though you've got a lot of good or great innovation going on in the faster growing spaces but given the changes in consumer taste, it seems as though the returns on marketing and innovation spend on some of the strengthening parts of the core may be in decline. Under what circumstances might you decide to manage certain brands for cash and channel resources elsewhere into those faster growing spaces and would you consider further divestments in addition to some of the acquisitions that you have in mind? Thank you.

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

I can start with the first part while you think up the second part. I talked a little bit in my remarks about -- we put a fair amount of effort into portfolio management and what that means is really segmenting our portfolio in terms of places where we think we can grow, where there is some momentum where we think we have something unique that we can bring to the party and we invest to a greater degree there. In places where we don't see much growth where we feel we are less competitive, we will lower the investment there. So each part of our portfolio has a very distinctive role and then a set of characteristics that we expect to employ when we are there. And we have made differential investment choices there to get behind things like Swanson broth, behind Prego white sauce, behind premium soups, behind dinner sauces and those kinds of things and be more careful in other places.

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

We are constantly looking at our portfolio and the returns and the growth potential of our portfolio. I mean that is one of the reasons why we did divest the European Simple Meal business which literally just closed this year. So we will continue to be rigorous about it but we don't have any specific plans at this point to divest more.

Bryan Spillane *- BofA Merrill Lynch - Analyst*

Bryan Spillane, Bank of America Merrill Lynch. I guess following along the same theme, can you talk a little bit about how you guard against just spreading your investment dollars too thin? There is going to be 200 new products launched this year. You made a couple of acquisitions in somewhat diverse areas and you know I guess it is not entirely clear that they are all small bets that there isn't anything here that is going to be really a game changer, something that fundamentally transforms the portfolio.

So can you talk a little bit about how you guard against not spreading too thin and maybe at some point can we expect that the investment will be more focused on maybe Bolthouse or some other area?

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

Yes, I can start. I mean I think Mark started the answer to that question where about 18 months ago, two years ago we set up portfolio rules within the business which determines how much investment we want to make in those categories and those segments to drive the business. You are right, I can't point you to a significant bet that is going to move the needle dramatically but I will point you to the fact that we spent $1.55 billion on Bolthouse and we made a couple of other acquisitions so we are making some pretty big investments in the marketplace.

But basically those portfolio roles coupled with our strategic planning process and looking at each of the business unit setting appropriate sales and earnings targets for each of those business units and marketing allocation, those are our principal vehicles to do resource allocation but I think when you look at all those processes combined, it is a pretty effective mechanism for us to control where those investments are.

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

And I think you need to have a sufficient investment still on your core business because the core business is a vital economic engine for the Company but we did place bets in four spaces. We are investing in innovation and Darren gave you a flavor for that. We are investing in packaged fresh and we have put capital into the plant in Bakersfield in terms of increasing line space and refrigerated storage. We are growing in different areas -- and marketing. And then the availability not requiring too much more investment just basically though the investment to set up that distributor network and create a team and focus it against those kind of channels. We have built up the sales force.

So and then international expansion, we have put a lot of expansion money into Indonesia and the other place in Pepperidge Farm is investing in Goldfish. So I think we definitely have picked spots that we believe have the greatest potential. If one takes off like a rocket, we will put more money down.

David Palmer *- RBC Capital Markets - Analyst*

David Palmer, RBC. It looks like you are focused on flavor and taste. And in some of your renovation (inaudible)

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

Could you speak into the mic there. Thanks.

David Palmer *- RBC Capital Markets - Analyst*

And you said something interesting in the opening slides ,I think it was in your deck, Mark, where you were talking about not just versus the competition but versus restaurants and some other leading authorities on taste. Could you speak to any data points you have and as to where you are in the portfolio and any reassuring data points that you have that this renovation process and innovation process is working with regard to taste specifically?

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

Yes, first of all, we have benchmarked all of our products down to about 60%, 70% ACV against their key competitive opposite number and when this latest batch of products are out there, we will be fully competitive. We will be as good or better on all of our core products. And we have seen time and time again as we have improved the flavors and improved the relative position of the taste versus competition, the SKU starts to move.

And I think, David, if you look at Soup, which has been really big focus area for this work, we were not particularly competitive in market share for '10, '11, '12. It was going down and we have been very competitive the last two seasons in terms of market share. I do think our product performance has played a key role in that.

Andrew Lazar *- Barclays Capital - Analyst*

Andrew Lazar, Barclays. Good afternoon. Mark, I wanted to get back to the advertising and promotion question for a minute. You talked a little bit about in certain areas maybe robbing Peter to pay Paul and you need to get that balance back in the right place. Specific to Soup, because a year or so ago you talked a little bit about you were already pretty competitive around marketing spending there and could use some of that into some of the other parts of the business. Is that still the case? Do you feel like that piece played out as you thought or perhaps you need to shift a little bit back in Soup specifically around advertising as well?

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

I think the big move that we made was two years ago as you know where we took a chunk out and the judgment we made at the time based on our analytics and based on our competitive share of voice is that we had gone way down past the point of diminishing returns and so we basically made a readjustment in our spend in Soup and we put some of some of it into dinner sauces and some of the other things as sort of evidence of the portfolio play that we made.

We think we are in the general ZIP Code of where we need to be so we don't see another big adjustment one way or the other. We see it more as fine tuning. We will put some more into A&C this year but we think we are in the general right vicinity -- we are in optimization mode.

Unidentified Audience Member

Thanks. A question for Denise. I wanted to say that I admired the sense of urgency of your opening remarks. I thought your comments about the critical juncture for the processed food industry were spot on but one of my concerns is that it seems to be getting easier for smaller and smaller competitors to grab the attention of consumers through the same mediums you are using -- digital marketing, point-of-sale or just word of mouth. And I wanted to know if you feel that big companies are losing some of that scale advantage in media or reaching consumers and how you are coping with that because I see a lot of companies like yours who are cutting a little bit of media. They are saying it is becoming more effective spending but the sales continue to decline and then the share goes to smaller competitors. Maybe you could speak broadly about how you compete against smaller nimble players?

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

I think I have a real appreciation for this now having acquired a couple of businesses that were smaller and seeing the best of both so to speak. It is quite true that with the Internet and social media that brands can grow up pretty quickly out of garages or kitchens so of speak and have a platform to communicate with consumers. There is no question about that.

I think that it is a good challenge to the food industry to continue as Campbell is doing to really be in touch with what consumer's needs are and making sure that products are being developed and consumers are being talked to in ways that are meaningful to them. That said, I do have an appreciation for the scale that a Campbell's can bring to a smaller brand too to make it a bigger brand and Plum Organics is a perfect example.

We bought Plum. It was a small brilliant platform, great relationships with consumers but only in a few customers so the opportunity to take the best of that and marry it with the ability to scale it up, to manufacture it on a large scale, to distribute it, to sell it, to nurture it becomes I think a really good formula for success.

Unidentified Audience Member

Maybe a follow-up then. Can you talk about the pipeline of small companies like that that you are looking at currently as potential acquisition targets? Is the pipeline getting bigger?

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

I think that we have been pretty much out loud that we are entertaining smart external development and so we continue to look for opportunities in that space while we also build our business at the core.

Jon Feeney *Analyst*

Jon Feeney, (inaudible) Research. When you look at acquisitions, (inaudible) external development, one consistent trend certainly reposition the portfolio into more growth areas that seemed to hold a lot of promise but continually lower gross margin it seems over the past five years consolidated gross margins down a little over 500 basis points, it looks like and that is actually 10 points lower than it was 12 years ago, 13 years ago when I started covering the Company.

As you look, have we reached a tipping point where do you say thus far down and no further as far as gross margin, the kinds of things you are looking at either in terms of gross margin returns? How do you balance that when you look at acquisitions considering what is going on over the past -- what you have done before versus the extra growth that these gives you and presumably ability to grow on at the end of the.

Unidentified Company Representative

Sure, I can talk about that. The key criteria for us in looking at acquisitions is not just gross margin. So we do these things to create shareowner value and I believe using a discounted cash flow approach to measuring the potential value creation is the right metric to use. So we project sales and gross margins and EBIT for a potential acquisition and we discount that in a risk-adjusted cost of capital and make a determination as to whether we think we can earn a return on an investment above the cost of capital over time.

Some of those may come with a lower gross margin. I mean Bolthouse Farms is an example of that, Plum is an example of that where we are willing to accept a lower gross margin per se for higher growth. And yes, those acquisitions are part of the reason our gross margin percentage is down over the last few years, not the only reason. There has been some pressure on the trade side that are everybody knows about.

But we don't think that gross margin depression just from the acquisition is a bad thing per se because we do believe that the growth is there and that we will over time earn a return above our cost of capital and therefore create value.

Chris Growe *- Stifel Nicolaus - Analyst*

Chris Growe, Stifel. I had a question, sorry for another acquisition question but a couple maybe follow-ups if you will. The first was to understand -- it seems like you have opportunities clearly in the US for acquisitions in areas where you could accelerate the growth of your business as well as international. You had mentioned I think Asia and Latin America as the areas you are focused on. Just wanted to understand better the opportunity side whether it be US versus international and where you are focusing there?

And then just to follow on some earlier comments about packaged fresh and do you have the infrastructure you need today to fully address that opportunity in the market? Does Bolthouse bring that or do you need more acquisitions or just capabilities if you will to pursue that opportunity?

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

Yes, I think that there are a couple of spaces in the North America businesses that are very attractive to consider to look for smart external development. Health and wellness is one of them and Plum is an example of where we went for a -- we believe a great brand that delivers health and wellness for babies, tots and kids. In terms of packaged fresh, we have actually two initiatives in the Company, one under Mark's leadership which is really in the Soup and Simple Meals area and then of course the great business in Bolthouse Farms that Jeff is running.

Jeff, you can speak to the potential that we have been working on in the strategic plan to build this business.

Jeff Dunn - ***Bolthouse Farms - President***

Yes, if you think about broadly stated packaged fresh perimeter, there are two things. One is there is still tremendous growth organic growth opportunities so as we launch new products and we play in more of the categories, which I talked about at the end, we still see a lot of opportunity. We basically have been kind of footprint constrained. That was part of that new $50 million investment because we have been trying to keep up with the growth to this point. That is going to free us up to do some new things which you will hear about next year. That is number one.

In terms of acquisitions, if there was a big scale perimeter acquisition, it would be interesting but unfortunately I don't see any right now because the perimeter tends to be a little more fragmented. It has already been rolled up in meat and other places so it really becomes back to your other point, smaller acquisitions but having Bolthouse and the fresh soup business that Campbell's gives us multibillion and a half dollars, whatever it is platform, I mean much easier now to bolt on smaller acquisition. So it really becomes a game of can we do it organically? How fast can we get there versus going out and buying something which accelerates? And we have got a pipeline of both ideas we are looking at because I do think if we are going to be the leader in this space, we are going to have to keep moving quickly because it is a small brand, very fast-moving part of the store.

Unidentified Company Representative

If you look at the assets that we have within the Bolthouse business, the new one that Jeff is investing in, what we have got when we bought Stock Pot some investments we have made in our thermal plants to put fresh capabilities in. The array of different processing capabilities, packaged formats and everything that we have is pretty considerable.

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

We have set up the Company now that we can literally go across the landscape from shelfstable into perimeter. A lot of our shelfstable sauces for example are consumed with fresh food and so we believe that we are setting it up whether it is a shelfstable product that can be used with fresh food or actually expansion of our offerings within fresh food, we are covering a different landscape than we did a few years ago that promises more growth.

Steve Percoco - ***Lark Research - Analyst***

Steve Percoco, Lark Research. Denise, you told us in the beginning that you are consumer at least in North America is challenged, that the erosion in the middle class is challenging your business. And to me that goes against -- presents challenges for a brand oriented company and the questions in my mind the focus on new products. You don't really tell us -- I mean you give us the sales for new products but you don't really tell us the bottom line and I can understand like defending the core, some of that innovation is relatively low cost. But new product lines, new product categories seem to me like they are very costly, that they involve a significant commitment long-term commitment to build into a new brand today.

And so one, I am wondering why the focus shouldn't be more on delivering value and price which is what your customer seems to be going towards? And two being much more focused and selective on new products especially those that involve a major multiyear commitment to build because as I have followed the Company, you have had a lot of products that have been great products but just haven't resonated or haven't stuck with the customer over the years.

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

Our core portfolio was insufficient to drive what we believe are the growth rates that we desire for as a Company and profitably grow them. I did say that the North American consumer was challenged but there is also bifurcation going on and the gap between the low income households and the high income households are widening. We believe that with a number of our core businesses, we are satisfying a value consumer and doing that pretty well for --. I mean you can buy a can of tomato soup for under $1. You probably have trouble finding anything else but a candy bar for that in the store today.

So we do believe that we are satisfying the value proposition that some consumers need but it is insufficient. We need to push into different spaces that can add adrenaline to our Company and provide better growth. That is the way we are going to prosper.

Jennifer Driscoll - ***Campbell Soup Company - VP, Investor Relations***

Okay, thank you. Thanks Denise. Thanks everybody 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. A transcript will be available sometime tomorrow.

This morning's news release, today's slides, the non-GAAP reconciliations and Safe Harbor information are already unavailable on the site. If you have questions and are a reporter, please contact Carla Burigatto at 856-342-3737. If you are an investor or analyst, please call me or chat with me in the room, Jennifer Driscoll, 856-342-6081.

With that, we will conclude today's webcast.