THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

CPB - Campbell Soup Co Institutional Investor Day

EVENT DATE/TIME: JULY 20, 2016 / 4:30PM GMT

CORPORATE PARTICIPANTS

Ken Gosnell *Campbell Soup Company - VP, Finance Strategy and IR*

Denise Morrison *Campbell Soup Company - President & CEO*

Anthony DiSilvestro *Campbell Soup Company - SVP & CFO*

Mark Alexander *Campbell Soup Company - President, Americas Simple Meals and Beverages*

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

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

CONFERENCE CALL PARTICIPANTS

Andrew Lazar *Barclays Capital - Analyst*

Michael Lavery *CLSA - Analyst*

Jason English *Goldman Sachs - Analyst*

Alexia Howard *Bernstein - Analyst*

David Palmer *RBC Capital Markets - Analyst*

Bryan Spillane *BofA Merrill Lynch - Analyst*

Chris Growe *Stifel Nicolaus - Analyst*

PRESENTATION

Ken Gosnell - *Campbell Soup Company - VP, Finance Strategy and IR*

All right. We're going to get started. Everybody could find their seat.

First of all, thank you and welcome to our 2016 Investor Day. I have just a couple of slides. I'll have to read this.

First the crowd favorite on forward-looking statements and non-GAAP. Josh, I know this is your favorite slide.

Today's presentations include 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 the forward-looking statements slide in the presentation or to Campbell's most recent 10-K and SEC filings for a list of factors that could cause our actual results to vary materially from those anticipated in our forward-looking statements.

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

So now that that is out of the way, we have a full program today. Our senior leadership team will provide updates regarding our business plan for fiscal 2017.

Denise Morrison, our CEO, will kick off our formal remarks. There will be a short break around 2 o'clock for about 15 minutes. Jeff Dunn will wrap up our formal presentations with an update on Campbell Fresh and then at the end of that we will have time, roughly around 30 minutes, for questions posed by this live audience.

There is a webcast, as you know. But the questions will come just from this room.

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

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

Thank you, Ken. Good afternoon and welcome to Campbell's Investor Day. I'm thrilled that you could join us today at our world headquarters to hear about what's happening in our industry and in our Company and the steps we're taking to drive sustainable sales and earnings growth at Campbell.

When we met last year I described a series of seismic shifts that are reshaping the established order of our business and our industry and the steps that we have taken and are taking at Campbell to address these shifts. I'll recap the specific challenges facing the industry in a moment. But one only need pick up a newspaper or log onto a website to see that this period of uncertainty, complexity and ambiguity is far broader than the food industry.

It seems as though every time things begin to settle something else happens like Brexit or the dynamics of the upcoming US election to underscore that there's nothing normal about the new normal. Since I became CEO at Campbell, we've been on a journey of reflection, refinement and change. To understand where the Company is going it's critically important to be grounded in where we were and what we've done.

Some of you may recall this meeting in 2011. Campbell was a very different Company than the one you see here today. We've changed our portfolio, our organization structure, our leadership team and I'm proud to say as a result of these changes our performance.

But if you look under the hood there are more fundamental changes, as well. We've actively worked to change the culture of Campbell, starting by challenging our orthodoxies and where necessary sharpening or changing our beliefs. This, in turn, has led us to actively seek out a broader and more diverse pool of talent which has changed the demographics of our employee population.

Over time these changes have repositioned the Company for not just profitable but sustainable growth. Let's review the most important actions we've taken to best position Campbell for this ever-changing world, to strengthen our core business and expand into faster growing spaces. It's all rooted in a clear definition of purpose: real food that matters for life's moments.

While it might be easy to dismiss this as a pithy corporate mantra I have to tell you that these seven words have been transformative. By using it as a filter for decision-making it has fundamentally changed our perspective on our food and our role in the world.

We've diversified our portfolio significantly, acquiring four new businesses and faster growing spaces: Bolthouse Farms, Plum Organics, Kelsen Group and Garden Fresh Gourmet. Combined these businesses now contribute in excess of $1.2 billion of sales annually. More importantly, they have provided us with platforms for growth and value creation.

We've also entered more appealing markets such as Asia and categories such as Global Biscuits and Snacks while exiting an underperforming soup business in Russia and our European Simple Meals business. We've improved our cost structure, closing five manufacturing facilities and implementing initiatives to improve our supply chain. More recently we completely reorganized the Company to improve our agility and responsiveness to consumers.

We created three divisions each with clear portfolio roles, aligned to a category first, geography second configuration. Finally, we've implemented effective cost-savings initiatives that are delivering results well ahead of schedule. These savings arise in three components: headcount reductions, the bulk of which are behind us; zero-based budgeting coupled with new policies designed to curb spending; and last, the formation of Integrated Global Services, an organization that's a shared service group that's building important capabilities while lowering our cost.

Combined these efforts are creating an ownership mindset at Campbell where employees are treating every dollar as if it were their own. As we'll discuss in more detail this approach is allowing us to invest back in the business for long-term growth.

The confluence and acceleration of the seismic shifts, the rapid and monumental changes in demographics, consumer tastes, opinions and behaviors, the light-speed pace of technological change and the volatility of the new global economic and political realities creates an unprecedented context for our efforts. In essence, we've given Campbell an extreme makeover in a rapidly and fundamentally changing market and world. And it's felt like changing the tires on a moving car.

Think about it. We have dramatically changing demographics, particularly in the United States. There are tectonic generational shifts underway as baby boomers give way to millennials and generation Z as the key influencers of societal and cultural norms. That's why we're intensely focused on attracting new consumers to our brands.

We're facing new global economic realities. There is a leveling or shrinking middle class in developed countries and a burgeoning middle class in developing markets. With growth harder to come by in mature markets, particularly in center of store categories, it's increasingly important to look at faster growing geographies for growth as we're doing in Asia through Global Biscuits and Snacks.

We're all dealing with changing consumer preferences for food. People are growing more mindful about what's right for me when it comes to their health and well-being and how it impacts their eating habits. Consumers continue to seek food that they deem healthy including foods they consider better for them such as fresh, organic and functional foods. Today as a result of our actions Campbell is far better equipped to meet the needs of consumers in this area.

Digital technology continues to transform everything, how consumers interact with and shop for everything and that includes food. Picture how food dominates social media. It sits right beside music and fashion in the cultural lexicon.

Arguably the social currency of food runs even deeper. It's at the center of social life, sustenance, health and even climate. As it did with music and fashion, e-commerce is poised to change the dynamic of the food shopping experience.

And e-commerce represents a small percent of total food sales today. But it will accelerate rapidly through the growth of pure play e-tailers, increased focus of brick-and-mortar retailers on e-commerce and the mainstreaming of mail delivery services.

Today consumers can order almost anything online via their mobile phone and have it delivered where and when they want it. And Campbell continues to broaden and deepen our digital capabilities to get ahead of this curve.

People's changing preferences for food and the increased presence of digital technologies in our lives are fueled the wired for well-being movement that I've discussed in the past. This is creating new opportunities at the intersection of food, technology and health.

People are beginning to understand that each individual responds differently to the same foods and diets and they are beginning to select the right foods for them by leveraging all the information at their fingertips. We believe the next generation of nutrition will be customized with diets configured according to an individual's lifestyle, physiology and health goals.

It's becoming clear that a new competitive landscape has developed in the food industry. Big companies are getting bigger and more global while smaller challengers continue to fight to undo food. Disruptive business models are emerging at every step of the value chain.

In this environment growth is elusive for large brands in center of store categories. More than 70% of the industry's growth will come from small and midsize brands. Challenger brands are winning: they are winning with consumers and they are winning with retailers.

As a result, traditional retailers are responding in a variety of ways with small format and neighborhood stores, expanded shelf space for purpose-driven brands and private label offerings and increased presence in e-commerce. Meanwhile, consumers continue to gravitate towards value, demonstrated by the explosion of lower price retailers such as dollar stores.

There is an asymmetry in the food industry today with smaller, more nimbler competitors that fly under the radar unless you're paying close attention. And we're paying very close attention.

For Campbell, it is becoming increasingly important to diversify our portfolio and to create a stable of smaller purpose-driven brands. And that's just what we've been doing in our core categories and with the acquisitions of Bolthouse Farms, Plum, Kelsen and Garden Fresh Gourmet.

Finally, there is an epic crisis of confidence in institutional authority. It is difficult for people to process the constant flood of information washing over them. Consumers remain skeptical of established institutions from media to government to corporations and the implications for the food industry are profound.

Products need to be reimagined, portfolios diversified, supply chains reengineered with a focus on sustainability and transparency. Brands and companies must connect with people in new ways.

In 2016 consumer trust is hard won. Mission and purpose are no longer niceties, they are necessities. And I'm proud to say that we're setting the pace for the industry in this area.

It's clear to me you must be aware in order to prepare and I'm happy to tell you that we've been anticipating these shifts for some time. We're on a journey toward a new Campbell. Our progress has been methodical.

Undeniably we've improved our Company and shifted our center of gravity. Take a look at the composition of our fiscal 2015 sales by category: soup accounts for 34% of net sales, Biscuits and Snacks 31%, Simple Meals 21% and Beverages rounding out our portfolio at 14%.

We've come a long way but we are not satisfied. We have higher aspirations for the food we make, the role we play in peoples' lives and our growth trajectory. Clearly we have more hard work ahead to drive top-line growth. That's why it's necessary to continue to relentlessly improve ourselves, our food, our business and our culture to further differentiate Campbell and to forge a meaningful and lasting place in the lives of new generations of consumers.

When you take a closer look at the changes we've made and the actions we have planned even the casual observer can see a new Campbell emerging: a Company proud of its rich heritage but focused forward on the future; a Company inspired and guided by our purpose, real food that matters for life's moments as an anchor in a sea of change; a Company that's challenging itself and leading the charge towards real food, clean labels and transparency; a Company with a growing presence in the health and well-being space and a range of products across all channels available when and where consumers want it; a Company focused on creating a meaningful presence around the world with food that fits the lives of the people in these markets; a Company at the nexus of the new ecosystem of food, technology and health and well-being, with an array of partners to help us define the future of real food; a Company with a lower cost base that's leaner and more agile.

Yes, we've made progress but we are not there yet. You may be asking how do we get there?

Margaret Rudkin, the entrepreneur and founder of Pepperidge Farm, asked a similar question every time she reached an important milestone. She celebrated the accomplishment but quickly focused on the future with a phrase, what's next?

So what's next for Campbell? This morning we want to share our strategy for unleashing the power of our purpose, our performance and our potential through our growth agenda. We're confident that our strategic imperatives will drive the greatest value over time: elevate trust through real food, transparency and sustainability, build our digital and e-commerce capabilities to increase engagement with consumers and drive sales, continue to diversify our portfolio in health and well-being with fresh, organic, healthful foods that are within arm's reach of consumers, and expand our presence over time in developing markets.

Let's start with our North Star, our purpose. Today food matters more than ever. People yearn to feel a stronger connection to their food: where it comes from, how it's grown or raised and the people behind the companies that make it. Consumers want food that fits their lives and fuels their bodies and their souls.

At Campbell we recognize we have a role to play in helping restore this intimate connection to food. We also believe that everyone should have access to delicious affordable food that's prepared with care and that they can trust.

Our entire food system is being challenged and in need of reinvention. Global population growth, water scarcity, climate change and constraints on agricultural land are placing massive strain on the food system. There's a growing number of people who don't have it ready access to good, affordable food and meanwhile food-related health issues such as obesity and diabetes continue to rise.

This is our challenge. This is also our opportunity, an opportunity to reinvent our Company and our industry and in the process become the most trusted food Company in the world. It won't be easy but we know it's the right thing for consumers, our Company, our shareholders and our planet.

Drawing on our strengths in vegetable nutrition, our history of making affordable food and our scale Campbell is uniquely positioned to make more real food available to more people. It's who we are. No one even comes close.

As I've said already the seven simple words that define our purpose, real food that matters for life's moments, have had a profound impact on how we think, talk and act about our food. But what is real food? That's the real question.

When we asked ourselves we realized that that definition varies depending upon who you ask. Chefs, scientists and consumers all have different opinions.

As we set out to answer that question, we drew inspiration from the timeless words of one of our early leaders, Dr. John Dorrance. He pioneered good, affordable food in America with the invention of Campbell's Condensed Soup as the first product to bring vegetables to the masses off-season.

Here's how we think about real food. We believe real food is better for you and makes you feel good about what you're eating whether it's a vegetable, fruit or something more indulgent like chocolate.

It's not only about health. Not at all. Real food is food we're proud to serve in our own home.

As we continue to advance our thinking on this topic, this is how we'll define real food. Real food has roots. It should be made with recognizable, desirable ingredients from plants or animals.

Real food is prepared with care. It should be responsibly crafted and ethically sourced and sustainable in its practices that safeguard the natural resources we all share.

Real food should be accessible to all. It should always be delicious, safe and available at a fair price, all three without compromise. These are the principles that guide our real food philosophy and to be true to ourselves and our beliefs we must strive to abide by all of these, not just those that are convenient.

Will it be difficult at times? Of course.

Will it require both time and investment? Of course. We fully recognize that we will not be able to achieve all of our goals immediately but we'll never stop looking for ways to improve our food.

We believe that this real food philosophy will help differentiate Campbell and make our food and beverages more appealing to more people and ultimately this will lead to increased sales of our products. And we're not starting from scratch by any means. You'll remember at this meeting last year we unveiled our no go list and discussed important steps to remove artificial flavors and colors from our portfolio.

Look closely. Over the past year Campbell has committed to eliminate the use of artificial colors and flavors in nearly all of our North American products by the end of 2018 on track.

Remove BPA from all of our packaging in North America by the middle of 2017. We're in the midst of this transition as we speak.

Use only certified sustainable Palm oil by the end of 2016. We're nearly there.

And use only cage free eggs by 2025. We have our eye on the future.

To hold ourselves accountable we've developed a scorecard to measure our results against our commitment in a variety of areas. And we're taking additional steps to improve our portfolio, including plans to remove antibiotics from our chicken supply. We anticipate that we can achieve this goal over the next few years.

This means we won't allow antibiotics to be added to the feed, water or any commercial vaccines used by any of our chicken suppliers. We're working with them to develop a stable, sustainable supply chain that can deliver on this commitment. And we're formulating plans to let consumers know about this important change.

But we know we can do more. Removing ingredients is only one part of our real food philosophy. We're committed to adding more benefits to our food, making our products better and more accessible to people within the reach of most pocketbooks.

We call this our yes, yes list. It's quite simple: yes to more vegetables and yes to more whole grains. Today Campbell products provide more than 11 billion servings of vegetables and 4 billion servings of whole grains per year to consumers and we'll continue to find ways to add more servings across our entire portfolio.

Today people expect, no, they demand that business is especially food companies be transparent. They believe as we do that they have the right to know what is in their food. Honesty is table stakes.

Consumers today want far more. They are seeking total openness and they fully expect to take part in the dialogue with companies that they choose to include in their lives. They care about your beliefs and what you stand for beyond what you're selling.

Transparency is the new coin of the realm. We get it and we're doing it.

Campbell is embracing this from farm to family. As discussed last year at this meeting, our aspiration is to set the standard for transparency in the food industry. We launched whatsinmyfood.com to provide a place where people could learn about our food, how it's grown, how we prepare it and the rationale behind our decisions and our policies.

This was a good first step. We followed that up with a number of tangible actions. Most notably we became the first major food Company to support mandatory national GMO labeling.

We're pleased to see the recent bipartisan legislation. It's not perfect, but we believe it's an important step forward. It avoids the patchwork approach of different state laws and establishes a national mandatory labeling solution.

There are many ways companies can communicate this information. However, we choose complete transparency and remain committed to printing clear and simple language on the labels of our US products. We anticipate that consumers will appreciate our leadership and that other companies will follow suit.

While it's not listed on any label, trust may be the most important ingredient in our food. That's why we'll be open and honest about our food and inclusive in our engagement with stakeholders. We do this to continue to earn the confidence of our consumers with the goal of being the most trusted food Company in the world.

To that end, we're taking additional steps to enhance our capabilities with respect to transparency and credibility with consumers including the disclosure of supply chain details for our signature ingredients: tomatoes, carrots, poultry and wheat. This means providing visibility throughout the supply chain including the partners we work with every day to grow and make our food. This is part of a longer journey to engage our suppliers in full sustainability, complete traceability and consistently ethical sourcing for these signature ingredients.

Let's face it, the truth is non-negotiable, the truth is non-negotiable. This open approach is changing how we connect with consumers. Food has always brought people together and today food and technology are bringing us even closer in a digital world.

This leads us to our second strategic imperative: to strengthen our digital marketing and e-commerce capabilities. Over the past several years we've meaningfully shifted our marketing efforts to digital and mobile platforms. This is critically important to connect with the next generation of consumers.

In an always-on, fully-networked world food provides a way for people to connect virtually. Food dominates our conversations, both online and off. It's deeply personal and revealing.

Food is also widely shared in social media because it signals people's identities and values. In fiscal 2015 19% of our advertising dollars were spent in digital. In fiscal 2016, we increased that to nearly 40%.

Looking ahead we expect digital and mobile to account for between 35% and [45%] (corrected by company after the call) of our total ad spend. Some of our brands already are 100% digital depending upon the target consumer and the brand's objectives.

Digital marketing represents only one part of the equation. Equally if not more important is e-commerce. You as consumers spent more than $59 billion on groceries in 2014.

Only a fraction of that was spent online. As was the case with music, electronics and fashion, the e-commerce market for food is poised for remarkable growth. Today Campbell's online sales are a modest less than 1% of total sales. Clearly we have runway here.

Despite the growth of e-commerce, the brick-and-mortar food shopping experience remains very appealing. Many consumers are seeking a blended approach to food shopping. As part of building our e-commerce muscles we'll pursue an omnichannel strategy to make sure our products are within arm's reach of our consumers whether that's on a retailer's shelves, a mouse click away at an online store or ordered on a mobile phone for store pickup.

Now that we've talked about strengthening our core, let's examine how we're expanding into faster growing spaces, starting with health and well-being. Consumers continued to redefine at the meeting of health and well-being. For some that means food that's low in fat and sugar, for others it means food that's high in protein, still others consider fresh to be the litmus test for health.

As I've noted before, health and well-being means different things to different people. And food companies like Campbell must meet a variety of needs for our consumers. Believe me, it's no easy task.

We're starting with a strong hand and a unique portfolio from baby food, carrots and crackers to juice, fresh bakery and soup. We've long been a leader in vegetable nutrition and we're very proud of our portfolio. We have more than 200 products that contain at least one full serving of fruits and vegetables.

90% of our products are less than 200 calories per serving and more than 220 products are a good source of fiber. Our health and well-being strategy leverages our existing capabilities and is centered on the more attractive spaces where we have the strongest likelihood of success.

We're focused on three growth areas. First, we'll continue to build out our Packaged Fresh platform with the goal of delivering $2 billion in sales by fiscal 2020. We'll do this through a combination of leveraging our existing presence in produce and deli and expanding into new parts of the store.

Consumer focused innovation is the lifeblood of this business. In C-Fresh we're investing in new processes to accelerate our efforts and enable us to innovate with the speed and flexibility of a startup.

The first product we'll introduce from this effort is a Bolthouse Farms plant-based alternative milk drink. It's made with pea protein that delivers far more protein than other alternative milks.

Building off of our health and well-being insights and leveraging our new innovation process we took this product from concept to consumer in just six months. Later today Jeff Dunn will share more information about this exciting new platform and the new innovation model behind it.

Our second area of focus is to expand organic and clean label offerings in the center of store. As we've discussed with you previously, we've refocused our innovation efforts on fewer bigger initiatives. From biscuits and juices to sauces and a new ready-to-serve soup, we have strong health and well-being offerings.

Looking ahead to next year I'm excited about our new ready-to-serve clean label soup that we're calling Well Yes. Designed with our real food philosophy, it's made with recognizable and desirable ingredients like kale, potatoes, tomatoes and quinoa. Mark Alexander will fill you in on the details a little later, but there's really nothing like it on the market today.

Our third and final area of focus is naturally functional foods. By leveraging our vegetable and whole-grain capabilities we'll expand our food and beverage offerings that deliver naturally functional benefits in energy, endurance and digestive health.

Turning to our final strategic imperative, developing market expansion, our plans to increase our presence within these faster growing markets is centered on our Global Biscuits and Snacks division. As a reminder, Global Biscuits and Snacks has a managed growth portfolio role to expand into faster growing spaces while improving margins. To fully realize our potential we've set an ambitious vision: to become a global biscuits and snacks leader with brands loved by consumers around the world.

We're focused on growing this business by reaching more consumers, more often in more places both in terms of channels and geographies. First, a newsflash on the macro snacking trends that are driving consumer behavior. How we eat is undergoing significant change.

People are snacking more than ever and the lines between snacking and meals are blurring. What started as a habit is now become and snowballed into a paradigm shift about what we eat, how we eat, when we eat and where we eat.

Today approximately 50% of all US eating occasions are snacks. 90% of consumers snack multiple times per day and meanwhile only 5% of consumers eat three square meals a day.

In our highly frenetic and fragmented lives snacking is both a necessity and a coping mechanism. And while health and well-being has impacted the snacking category, iconic snack brands seem to be more insulated from this trend.

As we look at the market today and where it's headed, we recognize that there is a growth opportunity in helping people pause and recharge through snacking options that create a balance in their diets and their lives. It could be a healthful snack or an indulgent snack depending upon the person or the moment.

We have three iconic brands, each strong in their home markets: Goldfish here in the United States, Kelsen's in China and our Tim Tam brand in Australia. We must deepen the frequency and penetration of these beloved brands in their home markets while simultaneously expanding into new geographies.

Nearly 70% of Global Biscuits and Snacks growth will come from Latin America and Asia. Today only 5% of our sales come from these regions. Clearly there's an opportunity for us and we must do more to build these brands, particularly in Asia where we have established operations and a substantial asset base that we can leverage for growth.

Through our iconic brands Goldfish, Kelsen's and Tim Tam will accelerate our growth in the foothold markets of China, Indonesia, Hong Kong and Malaysia. Our plan calls for us to generate an incremental $200 million in revenue from these brands in these markets by fiscal 2020. Later Luca Mignini will provide additional details about this business.

In summary, Campbell remains inspired by our purpose and focused on advancing our strategic imperatives: real food, transparency and sustainability, digital and e-commerce, health and well-being and developing market expansion. We're supporting these imperatives by continuing to pursue new models of innovation including smart, external development.

As we take a closer look at the dynamics of the food industry, we've refined our approach to external development. Defining the future of real food requires fresh thinking, new business models and an ecosystem of innovative partners. We've developed a framework that incorporates smart M&A, partnerships and venture investing combined with internal and external innovation.

On the M&A front we remain active and have a pipeline of targets. As I've stated before we'll take a disciplined approach to M&A, making sure that every deal meets our strategic objectives and makes economic sense. I've walked away from deals in the past and I'll do so again in the future.

Not long ago the tech world was being changed by dreamers in garages and dorm rooms creating the next new thing. Think Apple, Google, Facebook. Today like-minded entrepreneurs have turned their attention to the fusion of food, well-being and technology.

The dreamers have moved from the garage to the kitchen. We've been following this very closely. As I discussed at CAGNY, business models are emerging and new business models and new companies are being fueled by an influx of venture capital.

If you look at this map, each point represents a startup in a particular segment of the food ecosystem. Since 2010 more than 400 food startups have received a staggering amount of investment of more than $8 billion in funding. For perspective, that's nearly equal to Campbell's total annual revenue.

We're beginning to more fully participate in venture opportunities. In February we partnered to form Acre Venture Partners, $125 million venture fund that independently managed. While it's early days Acre has been very active and as of the third quarter, we have financed more than $26 million in Acre investments.

In a few moments Anthony DiSilvestro will take you through a financial update and our division presidents will take you through the details of their plans including investments and innovations for the upcoming fiscal year. All of our divisions continue to live in and perform against their portfolio roles and activate our strategic imperatives.

I want to leave you with this final thought: there's a new Campbell emerging. You can see the signs of change wherever you look: in our people, our thinking, our actions, our products and our performance. We're inspired by our heritage, we're clear eyed about our current challenges and we're focused on defining the future of real food.

This is not a spectator sport. I've often said that you can either lead change or be a victim of change and it's much more rewarding to lead it. And Campbell is doing just that.

I'm confident that the strategic imperatives that we're pursuing will provide the most compelling path to increased shareholder value. We're not all the way there yet. We know we have further to go and more to do to drive our top-line growth.

We know we have more to do to complete our strategic transition. But we remain excited, optimistic and confident in our direction and in our progress.

Now it's my pleasure to turn it over to our Chief Financial Officer Anthony DiSilvestro. Thank you.

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

Thanks, Denise, good afternoon everyone. Thanks for joining us today at our Investor Day meeting. I have a few topics I'd like to cover today.

I'll discuss our division structure and reporting segments which have been in place for almost a year now, our cost-savings program and provide an update on our IGS organization which we formed at the beginning of this fiscal year. I'll finish with our 2016 financial performance and future outlook and close with our priorities for the uses of cash.

Our enterprise structure aligns our business operations with our core growth strategies. The new structure has been operating for almost a year and we are pleased with how the organization has transitioned and is focused on their respective portfolio roles.

For those not familiar with Campbell I'll take a minute to review our businesses. In 2015 Campbell had annual sales of just over $8 billion and generated $1.3 billion in adjusted EBIT. Our largest division, Americas Simple Meals and Beverages, brings together all of our soup, simple meal and beverage units in the US, Canada and Latin America.

The division includes many leading brands including Campbell's, Swanson, Prego, Pace, V8 and Plum. In the first nine months of fiscal 2016, the division generated 56% of our sales and with a 25% operating margin generated over two-thirds of our operating earnings.

Global Biscuits and Snacks unites a number of iconic brands: Pepperidge Farm in the US; Arnott's, the number one brand in Australia and New Zealand; and the Kelsen business, which extends our geographic reach into China. This division contributed about one-third of Company sales and 27% of operating earnings on an 18% margin.

Finally, the Campbell Fresh division or C-Fresh gives us a strong presence in the packaged fresh category and includes the Bolthouse Farms portfolio of refrigerated beverages and salad dressings, Campbell's retail refrigerated soup business and Garden Fresh Gourmet which we acquired just over a year ago.

In addition, C-Fresh includes our fresh carrot and ingredient businesses. In the first nine months of fiscal 2016 the division generated about 13% of our sales and 4% of our operating earnings on a 7% operating margin. With higher margins on the faster growing beverage business relative to carrots we see significant margin expansion opportunity going forward.

Importantly, each of our three divisions has a clear portfolio role. In Americas Simple Meals and Beverages we are targeting moderate sales growth consistent with the growth in its category. Leveraging our cost-savings program, net price realization and supply chain productivity, our goal is to expand margins in this division to generate funding for growth and to drive bottom-line results.

Year to date we are very pleased with the margin expansion within the division. We have also seen pockets of top-line growth including Plum, Prego pasta sauces and Campbell's Slow Kettle and organic soups. However, overall sales growth has been below our expectations, mainly driven by ready-to-serve soup and V8 beverages.

In Global Biscuits and Snacks we will invest to grow our business in our existing markets, principally Arnott's in Australia and Pepperidge Farm in the US, and leverage the brands in our portfolio with global potential. We plan to expand our business organically in emerging markets like Indonesia and China where we have small businesses today and also through external development. With 1% organic sales growth year to date and strong margin expansion, GBS is delivering on its portfolio role.

In C-Fresh which participates in the growing $19 billion packaged fresh category our strategy is to build scale by accelerating organic growth in our existing CPG categories and expanding into adjacent categories both organically and through external development as we have done with the acquisition of Garden Fresh Gourmet.

Year to date we have not delivered the expected level of growth in C-Fresh as we faced declines in our ingredient businesses and experienced a weather-related carrot yield issue in Q3. We expect continued weakness in the fourth quarter due to the recently announced recall of protein drinks as well as the impact of a major carrot customer moving to a dual source arrangement. Jeff will discuss these issues in further detail shortly.

Despite those challenges we remain confident in the growth potential of this business and expect to deliver improved performance going forward. While each division has a unique role in common they all have many powerful brand equities with strong positions in their respective categories.

Our long-term targets which we updated last year at this meeting have not changed. We are targeting organic sales growth of 1% to 3% as each division delivers against its portfolio role. Our long-term target for earnings growth, which exclude the impact of currency translation, have adjusted EBIT growing 4% to 6% and adjusted EPS benefiting from cash flow growing by 5% to 7%.

In 2015 we announced our cost-savings initiative currently expected to generate $300 million in annual savings by 2018. This represents about 4% of sales, enabling us to expand our margins and provide investment funding for growth.

In 2016, reflecting challenges in U.S. Beverages, soup and Bolthouse Farms, we expect to be below our long-term target for sales growth while significantly overdelivering on adjusted EBIT and adjusted EPS as we've realized cost savings faster than anticipated. Looking ahead, we have plans to improve the sales performance of those businesses that have underperformed this year. And we plan to make investments to improve our long-term growth.

We will also continue our efforts to reshape the portfolio for higher growth through external development. We are making very good progress on our cost-savings program. Reflecting an increase from our original forecast we expect to deliver $300 million in annual savings by 2018 through our reorganization and by leveraging a zero-based budgeting approach. The cost-savings goal is just under 4% of sales and is incremental to our ongoing supply chain productivity program in which we target annual savings equal to 3% of cost of products sold.

About two-thirds of the savings will come from non-headcount cost categories including travel, consulting and non-working marketing as we implement zero-based budgeting. And one-third of the savings will be headcount related as we've eliminated layers of management and increased spans of control.

As part of our cost-savings initiative we have changed our operating model and created an integrated global services organization which I will discuss in further detail shortly. We're making good progress. As shown on the chart we achieved a savings of $85 million in fiscal 2015 and expect to finish fiscal 2016 with annual savings over $200 million and on track to deliver $300 million in annual savings by 2018. From a P&L perspective, about one-half of the savings will impact the COPS line with the balance across marketing and selling and administrative expense.

I want to take a minute to talk more about our integrated global services organization also referred to as IGS. As we analyze our organization structure we recognize that many services and processes were being performed redundantly across our divisions and that there was an opportunity to improve both our efficiency and effectiveness by creating an integrated global services organization.

In this new operating model as shown on the chart our divisions develop and execute strategies with a clear focus on winning in the marketplace. The corporate center is small but sufficient to develop the enterprise strategy, manage the overall portfolio and to meet the requirements of a publicly traded companies.

The third group is IGS in which we've consolidated both transactional activities and knowledge-based services. By consolidating we can build our capability in key areas, improve the efficiency of others and provide these services to the divisions and to the corporate center. Today IGS includes elements of finance, IT, HR, procurement, revenue management, and marketing services.

IGS is transforming the way we work, executing against three strategies: to build a global strategic capabilities, to drive improved service cost and quality and advance a culture which is both purpose and performance driven. We are building capabilities in advanced analytics, for example, by leveraging descriptive and predictive analytics to enhance our revenue management capability. We will expand use of automation as we streamline our global processes and leverage our system capabilities.

And again self-service. For example, we are utilizing new HR tools and technology that allow managers and employees to efficiently complete HR tasks.

We are driving lower cost and higher quality by centralizing, standardizing and optimizing services. For example, by standardizing our payables process we have improved our working capital performance and increased operating cash flow. We will continue to identify opportunities to centralize and standardize services to drive cost savings and deliver more effective services. Going forward IGS will be a key enabler as we continue to build capabilities and drive cost savings.

Our $300 million cost-savings program was designed to expand our margins and provide investment funding for growth. Beginning in 2016 and continuing into 2017, we plan to ramp up investments in our business to drive growth over the long term. We will support recent and new product launches such as Prego Farmers Market, Well Yes soups, Plum Organics baby formula, Bolthouse Farms Spring Innovation, Tim Tam in the US and Goldfish made with organic wheat.

We will build our capabilities, especially in the areas of digital marketing and e-commerce. Consistent with portfolio roles we will increase support behind several of our key brands. As Denise described, we will invest behind our real food and transparency initiatives.

We are also making investments in longer-term innovation. Our investments to support the Acre investment fund and innovation in the packaged fresh category are good examples. We are aiming to expand our Kelsen business in China with broader distribution and by leveraging the Arnott's brand extend our business geographically in Southeast Asia.

I will now review our nine-month year-to-date results. For the nine-month period, net sales on an as reported basis were down 2% while organic sales decreased 1% compared to the prior year. Adjusted EBIT of $1.214 billion and adjusted EPS of $2.48 both increased by 15%. Year-to-date earnings growth has been very strong, driven by our improved gross margin performance which increased 240 basis points and the benefits from our cost-savings initiative.

Here are our nine-month year-to-date results by segment. In Americas Simple Meals and Beverages while organic sales declined by 1% due to weakness in RTS soup and V8 beverages we are very pleased with a 15% growth in earnings as the business has delivered 380 basis points of operating margin expansion through a combination of net price realization, improved supply chain performance and cost savings.

Global Biscuits and Snacks is delivering on its portfolio role with top- and bottom-line growth. 1% organic sales growth was primarily driven by gains in Pepperidge Farm. And reflecting gross margin expansion GBS delivered double-digit earnings growth.

In C-Fresh sales at minus 2% overall were below our expectations as we face declines in our carrot ingredients business and a weather-related carrot yield issue in Q3. Importantly, the CPG business, beverages and salad dressings, delivered strong top-line growth. Reflecting about a point of margin expansion, our operating earnings for this segment increased by 30%.

We delivered strong cash flow performance for the first nine months of fiscal 2016. Cash from operations increased by 22% to nearly $1.2 billion driven by higher cash earnings and lower working capital requirements, especially in the area of inventory. We expect cash from operations for the full fiscal year to reach $1.3 billion.

Capital expenditures declined $17 million to $225 million. We continued to forecast CapEx of approximately $350 million for fiscal 2016. We paid dividends totaling $294 million, reflecting our current quarterly dividend rate of $0.312 per share.

In aggregate we repurchased $118 million of shares, $75 million of which were under our strategic share repurchase program. The balance of the repurchases were made to offset dilution from equity-based compensation. Net debt declined by approximately $250 million as positive net cash flow generated by the business more than offset the impact of the $232 million acquisition of Garden Fresh Gourmet in the fourth quarter of fiscal 2015.

With only a few weeks left in fiscal 2016 I wanted to review our outlook. We are lowering our outlook for sales while holding the previous guidance ranges for adjusted EBIT and adjusted EPS. We now expect sales to decline by minus 2% to minus 1% compared to the previous range of minus 1% to 0%.

This revised sales outlook reflects the impact of the recall of Bolthouse Farms protein drinks and the related production outage as well as the impact of a major carrot customer moving to a dual source arrangement. The sales guidance includes a 1 point benefit from the acquisition of Garden Fresh Gourmet and a 2 point negative impact from currency translation.

Unchanged, adjusted EBIT is expected to grow 11% to 13%. The year-over-year growth reflects the benefit of improved gross margin performance and the benefits from our cost-savings initiative. We continue to expect adjusted EPS growth in the range of 11% to 13% or $2.93 to $3.00 per share in line with EBIT growth with a full-year adjusted tax rate of approximately 32%.

We are not providing 2017 guidance to date and we will do so on September 1. However, I can share with you some of the key drivers expected to impact our performance.

As I mentioned, we will be funding investments in the business designed to drive long-term growth. With cost savings and productivity gains exceeding inflation, we expect our adjusted gross margin percentage to increase slightly.

While inflation on core ingredient and packaging inputs has moderated we are forecasting total COPS inflation of approximately 2% which includes higher wage and benefit costs and the adverse impact of a stronger dollar on the input costs of our international businesses. As we've successfully delivered in the past, we will continue to target supply chain productivity gains equal to 3% of COPS. Under our cost-savings program we expect to deliver incremental savings of approximately $50 million in 2017 and are on track to achieve our $300 million goal by 2018. Lastly, we anticipate increasing our strategic share repurchases unless needed to help fund future external development.

Now changing topics, I'd like to review our priorities for the use of cash, a discussion which starts with our ability to consistently generate a significant level of cash from operations. While we dipped below $1 billion in fiscal 2014, reflecting the impact of cash taxes paid on the divestiture of our European Simple Meals business, since then our cash flow has increased significantly to about $1.2 billion in 2015 and to a forecasted level in 2016 of about $1.3 billion, driven by higher cash earnings and improved working capital performance.

As reflected in our credit ratings, our balance sheet metrics are strong, providing additional flexibility to pursue our strategies including disciplined external development. On a Q3 trailing 12-month basis interest coverage was 16 times and net debt to adjusted EBITDA was 1.9 times.

Our priorities for the uses of cash have not changed: first, we will make capital investments to support and grow our existing businesses; second, we target a competitive dividend payout ratio with the expectation that dividends will increase over time with earnings; third, we will continue to fund acquisitions when we are confident those investments are strategically compelling, improve our growth profile and will create shareholder value; lastly, to the extent there is excess cash generated and we are comfortable with our leverage ratios as we are today we will use share repurchases as a flexible and effective means of returning funds to shareholders.

I will wrap up with this chart. We're managing our business in three divisions each with a clear portfolio role. We are implementing a cost-reduction program designed to deliver $300 million of cost savings which will expand margins and provide funding for growth.

We have streamlined our organization structure and adopted a new operating model with the formation of an integrated global services organization designed to make us a more agile Company focused on winning in the marketplace. We will invest to build capabilities and to drive profitable long-term growth. We generate strong cash flows and have clear priorities for the uses of cash and are very focused on creating value for our shareholders.

That concludes my remarks. And next up is Mark Alexander, President of Americas Simple Meals and Beverages.

Mark Alexander - *Campbell Soup Company - President, Americas Simple Meals and Beverages*

Thank you, Anthony, and good afternoon everyone. Last year I had the pleasure of introducing you to the Americas Simple Meals and Beverages division. As you heard today this division has a clear portfolio role: to expand margins and deliver revenue growth consistent with the categories in which we compete.

Today I want to share with you the progress we've made against this role and our plans to continue to fuel enterprise growth. This afternoon I will talk about the fundamental shift in how we think about our food and the way we work, our plans to reinvigorate our core center of store categories to retain a loyal consumers and engage a new generation of shoppers and the steps we will take to continue to expand margins and deliver profitable growth.

First, let me remind you about the size and scope of our portfolio. The division delivered just under $4.5 billion in sales in fiscal 2015 and contributed nearly 70% of the Company's operating earnings. The centerpiece of the portfolio is our US soup business with the balance being made up of Simple Meals, shelf stable beverages, Foodservice and our operations in Canada and Latin America.

During the first nine months of fiscal 2016 I'm pleased to report that the Americas division has successfully expanded operating margins by 380 basis points. This was achieved through improved supply chain operations, better warehousing and transportation network performance, successful net price realization including more efficient trade promotion investment and significant cost savings as part of our enterprise-wide efforts.

While our bottom-line performance was strong, growth on the top line while largely in line with our categories does remain inconsistent. On one hand, we are encouraged by the sales performance of our Simple Meals and broth brands which have met or outpaced category growth. Plum Organics, the number one organic baby food brand also achieved strong sales as it continues to expand nationally.

However, as Anthony mentioned, we have work to do on soup and beverages. Sales of ready-to-serve soups have not met our expectations and we've seen declines on our V8 brand. Today I will share with you the steps we are taking to address these issues.

Looking beyond our portfolio we continue to see momentum slow in the center of store. Established brands are struggling to connect with new generations of consumers who are deeply skeptical of large institutions including big food. Instead they are choosing brands which share their values.

Smaller brands which challenge convention are driving growth in these mature categories. These fundamental shifts have prompted us to look at our business through a purpose-driven lens, to define what we stand for and how we will chart our course for the future. They have inspired us to challenge three areas of our business: the food that we make, the way we engage with consumers and the way we work.

Let's start with our food and the ingredients we use. Denise he shared our real food definition and our plans to shift our portfolio over time. In the Americas division this will not be a straightforward journey or an easy one but it is one that we're resolutely committed to.

So much so that over the next three years we plan to invest approximately $50 million to drive this effort. We will continue to evolve existing products and launch new varieties aligned to our real food philosophy. And we'll be transparent about our efforts.

Today we published the Campbell's real food index which we'll used to track our progress. Progress like updating the recipe of our kids chicken and pasta soups, removing a third of the gradients including MSG; removing artificial colors and flavors from our products by the end of 2018; removing BPA from our can linings by mid-2017 in response to consumer concern about the presence of this chemical; and as we announced today, using only antibiotic-free chicken, a change we'll implement over the next few years.

We're also developing a new challenger brand, Well Yes, for people who want real food that will positively benefit their well-being, a product that will score 100% on our real food index.

Moving to the second broad challenge, the way we engage with consumers. Here we're putting transparency at the heart of the conversations. Campbell has pledged to be a leader in transparency in the food industry and we're living into this promise.

We remain committed to labeling food that contains ingredients made from GMO crops. Despite the recent legislation, which offers a range of disclosure options for manufacturers, we will introduce an on pack label. We're working on language that provide specific ingredient information and supports the science that GMOs or say.

We've conducted robust consumer research on a range of options and are working with the regulatory agencies to introduce these over the coming years. We will continue to share information about our products and ingredients on whatsinmyfood.com and be part of the smart label initiative which will provide product level information on digital devices.

These are small steps in our journey. However, we believe that these steps combined with an openness and willingness to talk about the issues people really care about will strengthen consumer trust in our brands and in our industry.

The third area we are challenging is how we work. If we are going to compete successfully in a constantly changing environment we need to change how we think and how we act. We've begun to operate more like a big small food Company where agility, rapid decision-making and personal accountability are at our core.

So far I've talked about the progress we've made as a new division and the early steps we are taking to fundamentally shift how we think about the food we make and the way we work. Now let's look to the future. Today am excited to share with you a plan that will deliver against our division's portfolio role and a plan that focuses on fewer bigger initiatives in our core categories.

This plan has four priorities: one, improved performance in our soup and beverage categories while continuing to drive growth in Simple Meals; two, connect with our consumers to build relevance and drive demand; three, expand availability across multiple retail channels; and four, drive margin expansion. First to our core categories in soup. Total soup category -- the total soup category is big.

It's worth nearly $6 billion a year and enjoyed in more than 96% of American households. While the category has had mixed performance during the past year we have identified a number of segments that are underdeveloped and offer meaningful growth opportunities which we'll leverage during the coming year.

As we look across the category we're seeing some of the consumer shifts we've mentioned today play out. There is strong consumption growth in the health and well-being segment which includes natural and organic offerings in part driven by challenger brands. And the premium segment is an attractive space as people seek out authentic real food recipes. We believe these two segments represent strong opportunities for us as they are large and growing soup behaviors which are underrepresented in the shelf stable category.

Beyond this we will focus on three segments which represent big important soup eating occasions. These are kid fun, tastes you love especially in the cooler months and easy meals for busy families and home cooks. Against these segments our strategy for soup and Simple Meals is simple and focused: we intend to grow with existing loyal consumers and attract new users with the relevant and authentic food.

First to the health and well-being segment which was worth $1.4 billion in retail sales during the past 12 months and is evolving as well as growing. Historically the focus here has been on free from products. Now consumers want food that can positively contribute to their lives and growth is being driven by products that deliver these functional benefits.

To capitalize on this opportunity we're introducing a new brand of great tasting ready-to-serve soup, a brand that has a clean label, nourishing ingredients, eye-catching packaging and a bold new point of view. The brand is Well Yes.

It is the brainchild of a group of women who work at Campbell. They love soup, of course, and they work here but felt the category lacked a product specifically for them: a brand that stood for something they could connect with and one that used ingredients they wanted more of like kale, quinoa and lean protein.

So they created a soup that they wanted to buy and one that would disrupt the soup aisle but they didn't do it alone. They invited a group of consumers who felt the same way. Together they co-created the brand.

The group worked with our chefs, product developers and marketers to create a soup that is exciting, tastes fantastic and delivers the nutritional benefits that they are looking for. And they worked fast. This platform had been slated for fiscal 2018 launch but they created a compelling idea and challenged the way that we traditionally launch products and we accelerated our plans and are bringing it to market six months early. Well Yes will launch in January 2017 and feature popular soup recipes with a decidedly contemporary twist.

Staying in the health and well-being segment and Campbell's organic soup which we launched in August 2015. Sales of the range have met our expectations and have contributed to strong growth in the organic segment.

It has also attracted new people to the Campbell's brand. We will continue to expand distribution to build momentum in this important space.

Moving onto the premium segment which generated $313 million in retail sales during the past 12 months. A bright spot in our ready-to-serve lineup is our Campbell's Slow Kettle soup which has grown 10% in retail sales during the past year. Built around a promise of patience, not preservatives Slow Kettle features restaurant inspired recipes and clean ingredients.

This emerging brand has attracted new consumers, strong repeat purchase rates and has great potential. We will strengthen awareness of Slow Kettle through dedicated support as part of our portfolio advertising campaign.

Now I would like to talk about our Condensed Soup portfolio. This year we will focus against three segments I mentioned a moment ago: kid fun, tastes you love and easy meals. During the past 12 months Campbell's Condensed Soup delivered $1.3 billion in retail sales.

Its performance has exceeded our expectations as we've seen only a modest decline in retail sales while delivering net price realization. We've had success with our kids condensed range which is building the next generation of Campbell's fans. During the past year we removed MSG and BPA and continued to leverage our licensing partnerships to bring news, fun and relevance to the category.

Our boomer fans also love the taste of our iconic Condensed Soups. We don't take this affection for granted and appreciate the role our products play in their lives.

We will connect with these consumers through highlighting those big and important soup eating occasions where nothing but a bowl of soup will do, especially during the colder months. And we will invest in advertising and in-store marketing that highlights the perfect pairing of a bowl of tomato soup and a grilled cheese sandwich or the comfort of chicken noodle soup.

Finally, to easy meals. Speed and simplicity are essential ingredients for meal preparation amongst our consumers. That's because the majority of Americans spend less than 15 minutes preparing lunch and less than 30 minutes preparing dinner.

Our Condensed Soups can play an important role in these meal occasions. We will drive consumption with a campaign focused on cooking and the popular trend for one dish dinners. It will draw recipes from the campbellskitchen.com and we will partner with popular food websites to reach younger families.

We will also connect with our boomer fans through digital and traditional communication channels as part of our portfolio advertising campaign. And that campaign will once again be at the heart of our soup plan this year.

Last year we launched Made for Real, Real Life, a breakthrough ad campaign for the Campbell's brand. It was designed to efficiently support much of the soup portfolio with one set of integrated messages across multiple channels. It has successfully driven demand in selected segments and is helping to reframe people's view of our brand.

We will extend and evolve the campaign in fiscal 2017. We will continue to invest in digital channels, which was especially effective this year, and increase real-time communication through partnerships with outlets such as the Weather Channel.

We will also introduce a new series of vignettes showing real-life situations we can all relate to. Here's a taste.

(video playing)

Staying in easy meals and Campbell's Chunky ready-to-serve soup, Chunky has retail sales of $488 million and is enjoyed in a quarter of American households. During the first nine months of the fiscal year, we had some challenges on Chunky. We've previously shared with you the reasons for these which included marketing execution issues.

This fiscal year we have developed a plan that addresses these issues and today I would like to share with you a preview of our new integrated marketing campaign. This campaign seeks to connect with our modern male consumers. The role of men in American family life is shifting.

Modern males are no longer constrained by traditional definitions and our Chunky men are no different. During the past year we've developed a deeper understanding of our Chunky fans. Between their jobs, families and personal interests they feel they are juggling more responsibilities than ever.

They work hard and are proud of their achievements whether it's on the sidelines of a peewee football game or the aisles of a grocery store. Our new advertising campaign reflects this reality and recognizes the everyman for everything he does with adulation usually reserved for NFL stars.

Because our Chunky men also love football we will continue to partner with the NFL. Our new advertising campaign will feature not one but six current players including future Hall of Famer Drew Brees and rising superstar Odell Beckham Jr., and it will leverage consumers' obsession with fantasy football.

This campaign is one element of a fully integrated marketing program. The ads I will show in a moment will appear on traditional and digital channels and be complemented with a fantasy football-inspired digital experience. We're also partnering with ESPN and NFL channels to connect with our consumers as they engage with sports across a range of platforms.

Beyond our marketing efforts we will add new flavors to the successful pub-inspired range which continues to attract new younger users to the brand. In-store we will drive distribution of top-selling varieties and invest in activation during key seasonal periods including the Super Bowl. It now gives me great pleasure to introduce the Chunky Everyman All-Star League.

(video playing)

Sorry, those crack me up.

Turning now to Swanson broth, the broad category is worth $992 million and is growing at 4.5%. Swanson retail sales for the past year were $469 million. Growth in this category is being given in part by the continued popularity of cooking soup at home which accounts for 28% of all soup eaten in the US.

Our Swanson consumers are passionate about food. They love to cook and take great pride in creating special moments for family and friends whether it's a midweek meal or a holiday feast. Our successful campaign, Why I Cook, tapped into this insight and has driven purchase frequency and household penetration.

We will continue to invest in this campaign across television and digital channels where around 60% of younger home cooks search for recipe inspiration. This year the campaign will have two objectives: to increase use of Swanson in everyday cooking and to make our broths an essential ingredient for holiday entertaining.

Our focus on the holidays extends in-store where we have robust plans in place to win during this critical period. In addition, we will expand our organic selection with the launch of organic chicken and beef stocks.

So that's our plan for soup. We plan to reignite our ready-to-serve portfolio with a new real food inspired health and well-being brand. We will celebrate our Chunky men and build our core soup portfolio with both loyal and new users by investing behind those big important soup eating occasions.

Importantly, we are concentrating our efforts on five segments with brands that meet specific consumer needs. We believe this approach will enable growth.

Let's move now to our core Simple Meals category and Prego Italian sauces. Prego is the number two brand in the $2.3 billion Italian sauce category and last year had retail sales of $494 million. We've seen a fundamental shift in the pasta sauce category in the past few years.

The premium and family values segments have grown at the expense of traditional mainstream brands. We are responding to these shifts with new products and a new campaign. Last month we launched Prego Farmers Market, a range of clean label premium sauces which use simple, high-quality, authentic ingredients.

The range was developed for smaller households who have discerning tastes and refined food sensibilities. Early reaction to the launch has been encouraging and distribution is currently ahead of plan.

At the other end of the category, we are expanding our family offerings with the introduction of a range of larger formats including our highly successful Alfredo range. We will also step up marketing support for Prego in order to build on the momentum of five consecutive years of retail sales growth.

Plum Organics is our youngest brand which became part of our portfolio three years ago and we continue to be very excited about its potential. During the past 12 months the organic baby food category generated $461 million in retail sales and grew nearly 11%. Over the same period Plum grew 25% and delivered $119 million in retail sales, solidifying its position as the leader in the organic baby food category.

Plum is a brand loved by millennial parents. It connects with them personally and meaningfully through vibrant digital communities of parents and parenting experts.

The award-winning Parenting Unfiltered campaign has positioned Plum as a trusted partner for parents, a role that was highlighted in a series of films made to be shared on social media to celebrate Father's Day. Here's one.

(video playing)

The brand's growth has been driven by a focus on its core and selective expansion into new categories where it has the right to win and there is an unmet consumer need. This is a strategy we will continue to pursue during the coming year.

On the core we will further build distribution of our pouch and snack products, having identified potential across a range of retail channels. Innovation is vital in the baby and tots categories and we will launch snacks and purees to support the health and development of our youngest consumers.

This will include an organic cracker made in our Pepperidge Farm bakeries and a selection of colorful purees. These purees were created according to ingredient color and feature pouches with a clear window which shows the fruits and vegetables inside.

Beyond the core we intend to drive trial of our recently launched organic infant formula. Organic brands are underrepresented in the formula category. And given our experience in the baby and tots markets we believe there is a great opportunity.

While it is still early days initial response from retailers and parents is encouraging. Operationally, Plum successfully integrated onto Campbell's platforms this year which has had a positive impact on the margin growth.

Finally to our third core category, shelf stable juices. The shelf stable juice category is worth $7.6 billion a year. It's a big important category, found in more than 93% of US households.

But it's also one is facing significant challenges. Consumers are concerned about the high sugar and calorie content of fruit juice. So they are shopping outside the category and choosing from a proliferation of perceived healthier alternatives such as fresh juices and waters.

These shifts have impacted our V8 brand. And in response we sought growth in better performing adjacent categories, launching products such as protein shakes and flavored waters. However, these drinks strayed from our key point of difference, vegetable goodness, and played in highly competitive new spaces.

As a result they largely haven't worked. Moving forward we will stabilize the brand by refocusing on our unique vegetable positioning. V8 generated $790 million in retail sales during the past year.

It is one of the most trusted health and wellness brands in the US and our point of difference, vegetable goodness, remains firmly on trend. We will concentrate activity against four areas: we will remind core consumers of the benefits of our red juice, we will continue to support Veggie Blends which we launched last year, we will address declines in the V-Fusion and Splash, and we will drive growth of the successful V8 plus Energy brand.

First to red juice. V8 red is the original functional juice. It's made using seven different veggies, most of which are grown within 50 miles of our plant in Ohio.

Add juice from California tomatoes and you have a veggie powerhouse. A generation of consumers love this juice and the vegetable servings it delivers. After all, 87% of Americans don't get the recommended five servings of vegetables per day and a glass of V8 is an easy way to help fill that gap.

We will reengage with those loyal consumers, boomers who are paying closer attention to their health. And we will increase investment in tried and tested marketing that reminds them of the benefits of choosing V8 red juice over other beverages, benefits like the fact that one glass contains two servings of vegetables, a daily dose of vitamins A and C and just 50 calories. Here's an example.

(video playing)

Our second area of focus is V8 Veggie Blends which we launched last year. This selection of vegetable-first juices have fewer calories than fruit juices and provide superior vegetable nutrition.

Varieties such as healthy greens have been especially popular and have attracted new, younger consumers into the brand. We will drive trial and growth by launching new flavors and building distribution in grocery and immediate consumption channels. We will also drive awareness through advertising with ads such as these.

(video playing)

Clearly we will address that declines we've seen across our V-Fusion and Splash ranges. On V-Fusion we will focus promotional efforts behind a small number of top-selling varieties such as pomegranate blueberry and strawberry banana. We will continue to rationalize the selection to better manage costs and work to migrate V-Fusion consumers to the growing Veggie Blends range.

V8 Splash is a light, refreshing beverage which pleases both kids and parents. We have recently expanded our range of fun flavors for the summer with varieties such as citrus punch and cherry limeade.

We will work to drive sales by better leveraging the product's value positioning. This will see us launching smaller single-serve cans and expanding distribution in club and discount retail channels.

Lastly, we will continue to grow V8 +Energy, and particularly the new sparkling energy range. This brand continues to perform strongly as consumers, especially young parents, choose our blends of pleasant natural juices and green tea over stronger artificial tasting energy drinks. We will invest in building distribution, in-store activation and targeted digital and mainstream advertising to capitalize on the brand's strong double-digit growth.

(video playing)

I've covered the steps we will take to improve performance in our core categories and connect meaningfully with consumers, both existing and new, through effective marketing campaigns. I will now share with you the progress our division is making to drive availability through diverse and traditional retail channels and improve margins.

The grocery retail landscape continues to shift. Consumers are increasingly shopping beyond traditional grocery stores. They are also being more choosy about where they shop, selecting retailers and channels that fit their busy, connected lives.

And when it comes to groceries they are buying more often from nontraditional outlets as and when they need. We're also at the point where e-commerce opportunities for our categories are starting to reach a meaningful scale.

In the 12 months to June online sales in the total soup and Simple Meals scattered in pure play e-commerce and brick-and-mortar retailers reached $150 million. We are responding to this shift by implementing an omnichannel strategy built around tailored product offerings, flexible pack sizes and evolving customer service capabilities.

For example, we have created a range of branded sauces for the rapidly growing value consumer segment. We have also worked with a number of different retailers, both brick-and-mortar retailers who have e-commerce businesses and pure play e-commerce retailers, to create meal kits tailored to their customers that can be bought in a click and delivered in a day.

Finally to driving margin growth, we're extremely pleased with the progress we've made to expand margin contribution during the past 12 months. We have in place a robust plan to continue our efforts during fiscal 2017. We will work to improve efficiencies within our supply chain, operations and further reduce costs associated with our warehousing and logistics network. And we will continue to deliver a significant portion of the enterprise-wide savings through rigorous zero-based budgeting and cost containment.

In conclusion, the Americas division has a clear mandate: we will continue to be the economic engine of Campbell's. We will address performance in our core soup and beverage portfolios and drive continued growth in simple meals. We will relentlessly control costs.

We will streamline the way we work to operate as an agile big small food Company. And most importantly, we will do this while living into our real food philosophy. Our fundamental belief is that real delicious food should be accessible to all.

While we've talked about this today in the frame of shifting consumer preferences this isn't something new to Campbell. It's something we've been doing for more than 145 years. It's something we've believed in since Dr. John T. Dorrance penned three questions that would serve as the foundation of an American icon.

Are the ingredients of a grade we would serve at our own table? Does the combination appeal to our own sense of smell and taste? And is the price within reach of most pocketbooks?

Today we are choosing more ingredients that you'd find in your own kitchen, creating more recipes which bring joy to mealtimes and making more products affordable for all. We are making progress and recognize that we have more to do. What gives me the greatest confidence that Dr. Dorrance's legacy will live on is the passion and talent of our people who every day live our purpose: real food that matters for life's moments.

Thank you. We're now going to take a 10-minute break. So please join us outside for refreshments.

(break in progress)

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

All right, I guess everybody is back so welcome back, everyone. I hope you had the chance to taste the new salted caramel Milano cookies that were served during the break. I will talk more about our Milano range in a bit.

We will spend the next 20 minutes taking a very, very fast tour around the world through the lens of Campbell global biscuit and snack businesses. I am going to start with an overview of the division then provide an update on our recent performance and close with highlights from our plan for growth.

This is my fourth year presenting in this forum. And while planning what I wanted to share with you today, I reflected on the time that has passed since I joined Campbell. So many things have changed.

As you heard from Denise, the food industry has been disrupted by a series of seismic shifts, the world our consumer is living in -- is changing and Campbell itself is changing from our structure on how we allocate resources.

One thing that remains the same is the vast opportunities that lie in expanding Campbell's business into faster growing categories and geographies, especially in Global Biscuit. Taking a high level look at biscuit and snack globally this is a massive market level category sized at $86 billion and projected to grow a compound growth rate of 5% over the next five years.

To better explain this category, when I say biscuits or cookie and crackers you probably have an image in your mind of what those are. But what is a snack? A snack is better explained as a behavior than as a specific food. And it can take a number of forms, it can be sweet, it can be savory, it can serve as a treat or also offer other nutritional value.

Snacks are less rule-bound than meals. They are smaller, flexible portions that require minimal time and effort to prepare and eat. With our increasingly on-the-go lifestyle it is easy to understand why this behavior has taken hold. This is true both for mature and developing markets.

To give you two examples, in the US 54% are all eating occasional snacks. And in Indonesia consumer (inaudible) partake in this well established behavior as many times as seven times a day.

I would also like to take a moment to re-ground us in why Campbell has chosen to prioritize and invest in the developing market of China and Indonesia. These are among the world's larger biscuit markets and they offer huge potential, China the size of $10 billion and Indonesia at $1 billion, both with strong category growth.

It's no secret that Indonesia and China have experienced economic headwinds and slowing of market momentum. But the fundamentals of biscuits category within this market remain very, very attractive. The ratio of retail sales value per kilogram in biscuits is under indexed versus the overall market. There is ample room for profitable growth through expanded distribution, innovation and the emerging middle-class consumer trading up to premium offering.

To put this in perspective, China has the largest middle class in the world numbering more than 100 million people. (Inaudible) commitment to our developing market strategy is a long-term position. And while we are mindful of China and Indonesia current economic challenges, these markets are large and have ample room for profitable growth.

Let's take a closer look at Global Biscuits and Snacks in which we have combined our iconic Arnott's, Kelsen, Pepperidge Farm brands into a single integrated division. Managing this brand as one portfolio enables us to leverage the combined scale of our assets and capability around the world. Having powerful brands with global opportunity is the key to delivering the role of Global Biscuit and Snacks within Campbell, expanding into faster growing spaces while increasing markets.

Before I jump into recent performance let me take a minute to ground us in the size and scope of Campbell Global Biscuits and Snacks. Using fiscal 2015 full-year data as a base we delivered $2.6 billion in net sales. Looking at the category breakdown of our division, our biscuit brand contributed nearly two-thirds of our total net sales, US bakery contributed 25% and our international soup meals and beverage business make up the remaining 10%.

In terms of our geographic breakdown, 88% of our net sales come from our developed market businesses in the US and Australia. The remaining 12% of our net sales come from our developing markets businesses in China and Southeast Asia which are up 1 percentage point from 11% in fiscal 2014.

As I mentioned, developing markets are a long-term commitment and our disciplined approach is showing progress. I am proud, very proud of the team's hard work. None of us will rest until we capture a bigger piece of the developing market opportunity.

One more piece of background I want to refresh. These are the four strategies we hold top of mind in how we allocate resources and manage our portfolio.

First, strengthening our core, restoring modest growth and sustainable profitability while also bringing our portfolio together to leverage scale.

Second, expanding into faster growing spaces and extending our bread footprint into higher potential channels and geographies where we have the credibility to compete and win.

Third, starting with three of our most iconic brands, Goldfish crackers, Tim Tam biscuit and Kelsen premium butter cookie, we are investing resources to build these beloved national brands into their own countries and extend them into new markets.

Fourth, optimizing our organization and business model, including hiring talent with global mindsets, sharing common and ambitious performance metrics, and making smart cost management decisions that enable us to invest in the highest growth areas.

Now we take a look at how the strategies are driving our performance. First I will start with a review of our current business performance in each market, then I will discuss the robust plan we have for fiscal 2017.

Now I am proud to share that we are having a successful year in the US. Anchored to the Pepperidge Farm brand this is the largest piece of our Global Biscuit and Snack portfolio, contributing more than half of our sales. Using the last 52 weeks ending June 26 we are outperforming two of the categories in which we compete, crackers and fresh bread and rolls.

Starting in crackers. Pepperidge Farm grew retail sales by 2.9%, which is 230 basis points higher than the category growth of 0.6%. Our Pepperidge Farm Goldfish swam their way to the top of the cracker category growing retail sales by 3.7%, and representing 70% of the total category growth.

A large part of our performance has been driven by the addition of new pack formats designed for retail and club stores and increased marketing investment. Our emphasis on defining, differentiating and building equity is critical as we seek to expand our brand footprint with Goldfish as one of the three Campbell global brands.

Fresh bread and rolls, our US bakery portfolio, is delivering strong performance with Pepperidge Farm retail sales growth of 2.7%, which is 220 basis points higher than the category growth of 0.5% over the last 52 weeks ending June 26.

Taking a closer look, our buns and rolls have been the star of many a barbecue over the last year with an impressive 19.3% sales growth. Our R&D team is to credit here, building on quick serve restaurant trends to deliver a steady pipeline of consumer driven innovation, including our newest Pepperidge Farm Farmhouse Hearty brand in varieties such as rustic potato and stone ground wheat.

Also something you may not know, Pepperidge Farm breads and rolls have not been available in the Western region of the US -- until now. In the first quarter we launched our bakery products into Phoenix, Arizona and we have met all of our measure for success to date. I'll speak more about expanding our bread and rolls in the context of future growth in a few minutes.

Rounding out the portfolio, in our Pepperidge Farm cookie business we are seeing intensifying competitive pressure for small challenger brands, particularly impacting our American collection cookie range, which include varieties such as Sausalito and Chesapeake. Using the last 52 weeks ending June 26 we delivered 1.5% growth in a category that grew 3.5%. To help address this performance our commercial teams have begun a renovation project on our American collection cookie range that I will speak about in a few minutes.

We have also sharpened our focus on digital advertising, shopper marketing and sales execution particularly with our Milano cookies. And we are starting to see improved performance. Looking at the last 13 weeks ending June 26, Pepperidge Farm cookie consumption is up 6.3% versus the category of 1.6%. Our increased marketing investment on Milano has helped drive retail sales growth of an impressive 10.8%.

So let's take a look at our recent Milano ad that is part of this campaign and reminds busy moms to save something for themselves.

(video playing)

All right, so moving to our second largest piece of the GBS portfolio, Australia, we are continuing our disciplined approach to driving this mature business forward. To give you an idea of the size of Arnott's within Australia, using the last 52 weeks ending June 26, our retail sales remained close to flat compared to the total category retail sales growth of about 2%.

As I stated last year, we have applied intense focus to turning around our Australian business, including an evolved strategy that emphasized brand equity-building and reinvigorated innovation. Over the past year we have made progress toward our goal despite Australia's low economy, a challenging retail environment and a higher level of private level competition within the sweet biscuit category segment.

In addition to this external factor our biscuit innovation programs are not yet performing in line with very high expectations. We hold an impressive share of 60.4% of the total biscuit category and we are staying the course with our strategy. To strengthen our innovation (technical difficulty) team are working in close partnership to reinforce our focus on consumer driven innovation continue to build purchase frequency for Australia favorite chocolate biscuit, Tim Tam in both classic and the new (technical difficulty).

To give you an example, last year I described our early effort to develop customer exclusive SKUs such as the fiscal 2015 runaway hit peanut butter Tim Tam. During fiscal 2016 we have built on this promising concept and driven continued brand growth with new customer exclusive Tim Tam varieties like pineapple, three bean and the new toffee apple.

In addition to tightly focused Tim Tam innovation we are addressing private label competition through the fiscal 2015 launch of Twist Faves. These are classic Arnott's biscuits reimagined with a fresh modern flavor twist.

Finally, as the icing on the biscuit, in March we rolled out a lively master brand campaign to help protect our overall sweet biscuit category share reminding consumers of their favorite Arnott's moment. Let's take a look at the commercial.

(video playing)

In addition to focusing on our innovation program and investing in our brand equity we are keeping a watchful eye on sales execution. We are driving increased discipline to maximize the impact of our promotion and shopper marketing. As an example here is a quick look at what our sales force has been up to in (inaudible) Victoria Australia. That is a lot of biscuits.

Moving next to developing markets and an update on our business in China, the world's second largest biscuit market with a powerful and rapidly growing middle class. This is the primary market for Campbell's third global brand, Kelsen premium Danish butter cookie.

In the Chinese market our priority has been on expanding our brand footprint in the two target geographies where we have an established brand presence. These areas are the eastern city of Shanghai and the southern province of Guangdong. I have previously explained that to do so successfully we must invest in improving our execution and better differentiating our brand.

Having our Kelsen product on shelf and with differentiated ads and display is critical to capturing our consumer attention and driving velocity during the peak gift shopping period surrounding Chinese New Year. To improve our execution we replaced our primary distribution -- distributor for the Guangdong province choosing instead to embark to a new distribution partner during fiscal 2016.

As a result of disruption during the transition we saw a short-term negative impact on our sales volume. Despite this our new distributor delivered higher quality display and shopper marketing. And I am pleased to report that we still gained share. Using data for the 2016 Chinese New Year period we increased our market share nationally by 30 basis points.

I want to also call attention to Shanghai and Guangdong areas where we had even higher share gains of our Kelsen brand at 280 and 80 basis points respectively. These results can be attributed to our highly targeted investment in brand building and sales execution in these two areas. Here are two example of our strong (inaudible) presence taken during my visit over the Chinese New Year holiday shopping season. We are getting bigger displays footprint and we have more differentiated brand communication tools.

As I said, better differentiating our brand is the second area in which we have invested to drive higher levels of growth. This year we developed and introduced a new integrated marketing campaign that highlights Kelsen Danish heritage and premium quality. We carried the creative through all channels from in-store display to outdoor advertising, to digital, to television. So this ad is in Chinese, but I hope you like it.

(video playing)

So moving on to the next one. During the calendar year 2015 the international market weathered a significant slowdown due to global and domestic economic factors. Consumer disposable income was significantly pressured and being used to purchase household staples instead of impulse categories like snacks and beverages.

Through the downturn our team has remained focused on core brand strategy. We have maintained our level of investment in innovation and marketing support to help to sustain biscuit sales. Overall, we are satisfied with our results and we are holding retail sales close to flat losing about half a point of market share in fiscal 2016 year to date.

Our performance in the modern trade about 55% of our total business and best described as supermarkets and hypermarkets has responded to our innovation and marketing investment and we expanded share slightly in this market during fiscal year 2016 year to date. This is partially due to our strong Tim Tam business given the highly differentiated nature of the product.

Our performance in the general trade, about 45% of our business and best described as neighborhood shops, have been more meaningfully impacted by the economic downturn. Increased competitor pressure as margin impacted our shared, specifically our good time product which experienced much higher level of competition in its price point. We remain focused in driving value and holding our deep distribution in this channel.

So that is a quick recap of our year-to-date performance. Now let me return to our four strategies and lay out a summary of our growth plans for the year ahead. Our intent to leverage the snacking behavior trend gained a bigger piece of the developing market business and delivered profitable net sales growth.

Within our Campbell portfolio, when we say that Global Biscuit and Snack division will strengthen our core and expand into faster growing spaces, we will do so by increasing our brand footprint, reaching more consumers more often in more places. So let me provide you with some more detail.

More consumer, this is about gaining penetration in new households and recapturing consumers who may have moved away from our products. To do so we continuously evaluate evolving consumer preferences and launch new varieties to meet their preferences. And our R&D team leverages our baking credential and real food philosophy to deliver the ingredients and eating experience consumers expect from a premium snack.

More often is about frequency, creating a reasons to crave our biscuit and snack even more. We drive frequency by developing exciting new product varieties and packages that appeal the ever ending growing snacking behavior and help make our food relevant for new occasions. So to do so we are going to go small and big. Introducing more single sale portable packages as well as club of multipack (inaudible).

More places, this is about availability, being in the places our potential consumers shop and about entering faster growing geographies to reach entirely new consumers. To do so we are investing in resources to drive distribution and ramp up our e-commerce capabilities. So let's take a look at how that comes to life in each region.

Starting with our US business, there are three priorities I want to highlight. First, driving growth on Goldfish, I would say keep driving growth on goldfish in this case. Second, improving the performance of our cookie portfolio. And third, maintaining momentum in our fresh bread and rolls. So let's start with our icon, Goldfish.

Building on the health and well-being trend that Denise spoke of and to help us deliver smiles for our family we designed a Goldfish cracker variety for families who prefer to choose organic food. Three varieties of Goldfish made with organic wheat, each in an 8 ounce re-sealable bag hit shelves in late May. During F 2017 we will also extend our popular all grain line to include Goldfish colors variety. That made with colors served from plants.

Turning now to our cookie portfolio. Pepperidge Farm currently owns a 5% of US market share and we believe we can do significantly better in fiscal 2017. Milano is the hero of our portfolio. So to help us build the success we have seen over the last 15 weeks we are continuing to invest in marketing support and our Keep Something for Yourself campaign. We have also some exciting consumer trend driven innovations queued up for fiscal 2017 including spiced cider and toasted marshmallow Milano.

We will also expand our effort in rolling out Tim Tam nationwide. We started more than a year ago regionally and with one retailer. During fiscal 2016 we expanded into five retail nationally and three varieties, original, chewy caramel and dark chocolate. For fiscal 2017 we continue in five retailers and introduced dark chocolate mint as the fourth variety in our US range. And stay tuned for an integrated marketing campaign that introduces more of America to Australia's favorite biscuit.

Baked into our cookie plans we also leverage Pepperidge Farm founder, Margaret Rudkin's passion for quality and Campbell's real food philosophy to reinvent a piece of our portfolio, the American collection cookie range. Those are the large crispy and soft baked cookies in our famous white bakery bag with varieties such as Sausalito and Chesapeake.

This business has been under increasing competitive pressure from small challenger brands. So our bakers are hard at work crafting new recipes that will deliver the taste, smell and bite our consumers want from a premium snack. We plan to re-launch the range later this year with marketing and sales support.

On the bakery side of the business as we approach 2017, and the 80th year since Margaret Rudkin sold the first loaf of bread in a Pepperidge Farm business, we plan to continue our Western expansion by building on our successful launch of Pepperidge Farm premium brand breads and rolls in the Phoenix, Arizona market. We are currently evaluating additional scale market opportunities in the West Coast for our next launch.

Moving to our second core market in Australia where we currently have a strong 60.4% share of the total biscuit category and celebrated our 150th anniversary in Q1 of fiscal 2016. To help us capture new snacking opportunity we are thinking in and out of the box. Later this fiscal year, in complement to our existing range of savory biscuits, we plan to launch an exciting new cracker innovation to help more impromptu entertaining a little bit more special.

We are also looking outside of our box at ways to provide consumers with packaging options that better suit their busy lifestyle and snacking preferences. We plan to implement capacity and capability changes in our supply chain that will enable us to produce single serve and multipack formats for our popular snacks like shapes.

As many of you know, Australia is a challenging retail environment and I explained the increased competition we are seeing from private label biscuit. We want to remind consumers of the quality craftsmanship baked into every Arnott's bikkie. So in addition to the master brand campaign we began in March, we plan to build on last year's Twist Fave launch offering the classic biscuit consumer remember with fresh modern flavor twist including scotch finger with lemon butter and shortbread cream with mango.

Not to be left out I spoke of our effort to add tighter focus to our innovation plan. We will continue to prioritize foundational effort including refining consumer driven innovation pipeline and build strong strategic relationships with our customers. We want to optimize our resources to help execute with excellence and protect the market share we have been for over 150 years with the Arnott's brand.

Moving to our developing markets in China, we plan to continue to increase our marketing investment in our targeted area of Shanghai and Guangdong to differentiate the premium nature of the Kelsen brand and recapture households who may have traded away to a competitor product.

Notably, as we approach September Mid-Autumn Festival, which is also a popular gifting occasion, we will continue to emphasize the Kelsen brand heritage leveraging the same ad we viewed earlier. To help extend our reach into key customer outlets across the east and south we plan to bring additional new distributors on board in complement to the new distributors we added in fiscal 2016.

We also plan to give our availability an exponential boost later this fiscal as we ramp up our e-commerce presence. E-commerce in China represents a significant opportunity with nearly half of these 600 million Internet user shopping online. Our digital team is rolling out plans in the year ahead. Beginning with (inaudible), the massive Chinese language online retailers who racked up 774 purchase per minute in 2016, so every minute 774 orders for the whole year, quite impressive.

A strong e-commerce platform would serve us today with our Kelsen brand and in the future with our planned rollout of Tim Tam and Goldfish. We have had a presence in Indonesia since Arnott's first acquired (inaudible) Indonesia in 1997. And during the last two decades this business has continued to expand. Under the master brand, Good Time and Nyam Nyam biscuits are today joined by Australian power brand Tim Tam and Shapes.

In addition to new brands we have a local dedicated R&D team who are hard at work delivering exciting flavor rotation. And in fiscal 2017 we will bring a second manufacturing site online and implement capital investment which will increase our capacity and give us the flexibility to produce single serve and multipack formats which are critical to the on-the-go enabled snacking purchases in the general trade across Indonesia. This is especially important to our Tim Tam business to help capture incremental growth.

We also plan to sustain our investment in marketing and sales execution to support our distribution position in the modern and general trade despite a tough economy. So as I promised, that has been a very quick tour around the Campbell world in 20 minutes. And a look at our strategy to capture a bigger piece of the ever-growing snacking behavior by expanding our brand footprint across faster growing channels and geographies.

This is a clear recipe and we have great ingredients from iconic brands to tenured global leadership to propel us and our attorney to become a snacking powerhouse with a brand that creates real moments for consumers around the world. So thanks a lot for your time today and I turn the mic now to Jeff Dunn. Thank you.

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

So, hi, good afternoon. I am pleased to give you an update on Campbell's Fresh one year after being established as the third operating division of the Campbell Soup Company. To start I would like to orient you to the C Fresh division and what is in it.

So it includes a platform of refrigerated product categories merchandised in both produce and deli sections of grocery stores. Our current portfolio focuses on eight categories: fresh carrots, beverages, salad dressing, salsa, hummus, dips, chips and soup. Our primary brands are Bolthouse Farms and Garden Fresh Gourmet, which we acquired roughly a year ago.

As you can see here, our view -- we view the business through two lenses, farms and CPG. Farms represent 41% of our total division sales and includes both our retail carrot and natural ingredients businesses. Our CPG portfolio delivers 59% of C Fresh division sales and includes all of our packaged fresh products sold across the categories I just mentioned.

Our CPG platform is the cornerstone of our growth strategy with each of these categories experiencing high growth due to consumers' move towards fresher food. This past year has been a busy one as we integrated several new businesses, people and cultures into a single division. I look forward to sharing our progress and plans for continued growth but first I would like to address a few of the challenges that have impacted our results in fiscal 2016 and how we plan to mitigate these challenges going forward.

First, let's dig deeper into what happened with farms where we faced challenges this year in our agricultural business. At the start of the year we saw declines in our natural ingredients export sales due to weak Japanese demand for carrot juice concentrate. As we expected, the rate of decline has moderated through the year.

In the third quarter, as we previously shared on our call, our carrot business was impacted by poor growing conditions. Adverse weather in California hurt carrot yields across the industry. This led to product shortages as we were unable to meet customer demand. The good news is we are back in full supply thanks to our diversification strategy which significantly reduced our recovery time.

To further mitigate risks associated with climate, in the future we will continue to diversify our growing regions across California, Washington, Georgia and Canada enabling us to manage supply more efficiently throughout the year.

In addition to these issues one of our largest carrot customers recently moved to a dual source arrangement which is impacting our sales mostly starting in Q4. We anticipate the impact of reduced sales from this customer to be short-lived as our sales team has identified several new potential customers that would largely offset this lost carrot sales.

The key to winning in this commodity category where we supply more than 50% of the market in North America is sustained quality and customer services. Despite the challenges we face this year we expect farms to return to growth in fiscal 2017 driven by stronger demand for juice concentrate in Japan and a rebound in our retail carrot business.

Our second challenge this year was in our Bolthouse Farms super-premium beverage business, specifically our protein plus line. As you heard from Anthony, we voluntarily recalled 3.8 million bottles out of the market in June due to a product spoilage issue.

The investigation into the root cause of the recall is still in progress and we are working diligently on our action plan to remediate. Our priority is to bring product back into the market as quickly as possible since this lineup is loved by both consumers and is an important part of our portfolio with customers.

So, needless to say we have had some unanticipated challenges in the back half. But we are confident about the future because our mission hasn't changed and the opportunities that that mission provides are significant as we look forward. The C Fresh division fully supports and contributes to the Company's purpose of real food that matters for life's moments by inspiring the fresh revolution.

This mission is the cornerstone of everything we do and our strategy comes to life by making fresher foods more accessible, available, affordable and most importantly desirable across a range of fast-growing categories. Because ultimately, as you know, there is a shift happening, fresh is accelerating. Recent research suggests that 78% of consumers are trying to eat more fresh food.

As Denise highlighted earlier, we have seen exponential growth of startups and early-stage companies come to market to satisfy this burgeoning growing demand. And as a result competition is dynamic and comes through many different formats. Consumer behavior has shifted dramatically as millennials exhibit a different approach to shopping and eating.

Research has shown that twice as many millennials versus non-millennials only shop the perimeter of the grocery store. This new behavior gives us great confidence the development of the C Fresh division and our investment in more package fresh categories will continue to pay dividends into the future as more consumers adopt this lifestyle.

This seismic shift in consumer attitudes and behaviors is also translating into changing channel and retail dynamics. This is especially true for refrigerated products. Our products -- sorry, our customers, both large and small, have recognized the shift and are aggressively evolving their merchandising strategies to attract a new generation of shoppers to their stores with very different product offerings than we have seen historically.

We are starting to see the emergence of fresh food in channels that have never had them before, whether it is convenient stores, micro kitchens, e-commerce. In response we are not only partnering with our traditional retailers on merchandising, assortment and innovation strategies so we can help each other capture more of these opportunities, but we are also looking hard at alternative channels and new business models as a way to broaden availability of our products.

We are confident in the path ahead and our portfolio role of driving full force growth for Campbell's. I have talked about farms and how we focus on diversification, customer service and quality to stabilize the core. Moving forward I want to focus our attention on our CPG business as it is expected to be the major driver of long-term growth both with our current CPG portfolio and our plans to enter new categories with breakthrough innovation.

In package fresh categories the product is always the hero. As such we are highly focused on driving availability and providing new choices for consumers with consistent and prolific product innovation. Once at the shelf it is about ensuring optimum merchandising and assortment and driving trial through price promotion and tactical marketing activation.

We build awareness to these brands in a very organic and direct manner that includes thoughtful product experience and a dynamic two way engaged conversation with our consumers, especially through digital channels.

In addition to driving growth in our core business we see a major opportunity to build more breakthrough innovation in the new refrigerated categories by modeling startups and adopting a more entrepreneurial mindset where maniacal focus, speed and agility are the critical capabilities in order to capture these emerging opportunities.

As you can see from this slide, we are poised for growth as we play in fast-growing categories throughout the produce and deli sections of the stores. We currently have product offerings in eight package fresh categories, the vast majority of which are experiencing impressive growth from deli chips at 3.6% to premium beverages at 12.9%. And over the next few slides we will delve into performance to date and outline how we will drive against these opportunities in the future.

While the competitive landscape is pretty fierce, we are confident in our plans, particularly our strong innovation suite sets us up for continued expansion and acceleration against these categories.

First let's take a closer look at our Bolthouse Farms CPG portfolio comprised of three product lines: super-premium beverages, ultra-premium beverages and refrigerated salad dressings. All of these categories continue to show healthy growth rates as consumers continue to move to the perimeter.

Our beverage business has had a dynamic year. We started with real headwinds in the super-premium portfolio due to four factors. First, greater shelf space pressure due to the expansion of smaller startup brands. Second, price pressure from our main super-premium competitor. Third, our spring 2015 innovation suite was relatively small so we started the fiscal year with fewer new items than we had historically benefited from. And finally, a change in category merchandising strategies for two of our largest mass retailers.

To address these pressures we increased trade and consumer support on our base super-premium portfolio and subsequently began to see stronger momentum during the back half of this year. We still maintained the number one brand in measured channels with nearly a 39% market share of super-premium beverages, however, our 52-week growth rate of 3.4% lags the category.

If you unpack that, interestingly 100% of that lag to category growth was driven by the mass channel really around the merchandising shifts that we saw in two large customers. And as you can imagine, we are in active conversations with these customers about shifting their merchandising to a more productive place.

When we look at retail sales excluding those mass retailers we have regained momentum. In the past 13 weeks we have outgrown the category in super-premium and have started to expand share again.

On the ultra-premium side we expanded our presence in the relatively small but fast-growing market with our new organic cold press juice brand 1915 and have grown ACV to 50% in the first 10 months of its existence. This line has quickly gained momentum and now competes with the top brands in this cold press category. Our velocities are on par with our ultra-premium competitors and we see the opportunity to scale this business as we expand both the product portfolio and distribution even farther.

From a total beverage portfolio view our combined super-premium/ultra-premium retail sales grew 6.1% versus total category growth of 12.9% clearly identifying an opportunity for acceleration.

Lastly, our better for you refrigerated salad dressing lines continues to show market-leading growth of 25% in IRI measured channels, four times that of the overall category resulting in strong share growth as we drive the category by great tasting option at less than 45 calories.

One thing we know for sure about this business is that innovation is what drives this category. As I said earlier, product is king. As such we are highly focused on accelerating our business by leveraging one of our strongest innovation suites in many years with 14 new items launching across beverages and dressings. These products have just begun shipping this spring and we expect accelerated growth as retailers reset shelves from now through the fall.

Within the premium line, super-premium line we are bringing three new protein flavors: strawberry, coconut and banana honey almond butter. Strawberry coconut -- sorry, strawberry, coconut and banana honey butter -- they are so good, let's say it twice. Two new smoothies, berries and green and mango pineapple colada and one new juice, raspberry blood orange.

This comprehensive suite drives news to category and expands our portfolio to meet new consumer behaviors whether it is packing green veggies into a smoothie or satisfying your morning protein hit with delicious and on trend flavors.

Similar to super-premium we built a robust innovation suite for ultra-premium 1915 expanding into more beverage segments with this organic brand to deepen and broaden our reach into new occasions. This spring we expanded our juice line with new strawberry, orange and grapefruit flavors which are already performing well in the market relative to the original five SKUs we launched last spring.

We've also launched three new plant-based protein drinks in core flavors such as vanilla, chocolate and coffee. These items are in limited ACV today but are showing solid momentum and velocity and we expect they will continue to grow as we expand their distribution.

Lastly, we recently built the first two 1915 organic smoothie products for launch in this fall, pear and mango. We are seriously leaning into product innovation across the beverage portfolio to capture more usage occasions ultimately giving consumers more options as they move away from some other beverage categories. We are very confident in our innovation strategy in conjunction with expanded distribution, trade support and grass roots marketing activation, it sets us up for success in the coming year.

Our Bolthouse Farms yogurt-based salad dressing business is having a great year driving overall category growth as we expand distribution and continue to launch great tasting flavors with less than 45 calories. With strong portfolio management we have grown this business significantly over the past few years and have released some well received flavors such as cilantro avocado which last year rocketed to be one of the best-selling items in the category.

To continue that momentum we recently launched two new flavors, salsa verde avocado and creamy roasted garlic which have received great feedback from customers and consumers and are already performing well from a velocity standpoint in market.

Let's shift gears to our deli facing CPG portfolio which includes both refrigerated soup and our acquisition of the Garden Fresh Gourmet brand that brought us into the fresh snacking space. We purchased this business about a year ago to get into these new fast-growing categories. But also because it delivered high-quality products with an amazing compelling authentic brand story.

The key to the Garden Fresh brand is the incredible focus on artisanal ingredients and quality that founders Jack and Annette Aronson built into their products. This concentration on quality created loyal following, rabid loyal following in the mid-west heartland markets and we have already begun expanding this brand into other parts of the country. And we are continuing to see the same strong consumer response and loyal following.

As we grow and expand further, maintaining that brand authenticity and the obsessive focus on quality will be paramount. Similar to Bolthouse Farms in produce our vision is to build the Garden Fresh Gourmet brand portfolio so it can meet consumer needs for various occasions across snacking and simple meals. We will continue to build out the Garden Fresh brand across multiple categories in deli but we will also introduce new brands (inaudible) relevant similar to what we did with 1915 in beverages.

Our freshman year has been an incredibly busy time as we integrated our operating platforms, found synergies and built on our capabilities so we can rapidly expand innovation and distribution of this deli portfolio. We are currently rolling out a new brand and merchandising strategy to help consumers find what they are looking for across the portfolio.

And in the coming months Garden Fresh Gourmet brand will get a whole new look that embraces the artisanal quality and craftsmanship while reinforcing brand -- Jack and Annette's authentic brand story. We began to optimize the items in the portfolio to make the shelf set more shoppable and deliver a much more consistent on shelf experience for our consumers.

So how are these businesses performing? Let's start with soup. Today our fresh soup business is really focused on servicing three very large private label customers, we began the year with a loss of one large volume soup flavor in one of our largest club customers. But despite that loss the balance of our business has done extremely well.

In the two key accounts that are measured by IRI we posted plus 20% retail sales growth outpacing the category which grew aggressively at 9.3%. As a result our share of the refrigerated soup category is up 3.3 share points versus a year ago. Similar to carrots we have learned that quality and service are paramount when it comes to supporting these private label customers which is why we put hyper care teams in place to effectively and consistently deliver service and quality to these customers.

Let's talk now about the two largest businesses we acquired from Garden Fresh, salsa and hummus. As a reminder, we sell both private label and branded products in these categories and there is no question to me that our private label relationships provide scale and intimacy which we can leverage over time to drive total category leadership in this deli space.

With only one year under our belt we have learned that there is still much to do to realize the full growth potential of this platform, but we are starting to realize those opportunities. Our salsa business is healthy and well-positioned for geographic expansion, is growing on pace with the category and distribution has grown by close to 5 points versus a year ago, bringing it to 32.6% ACV, so there is plenty of runway.

More opportunity lies ahead as we continue to expand geographically and introduce new items that support varying consumer taste profile. When we acquired this brand we knew we were going to have to build a more competitive strategy for the hummus business given current marketplace dynamics.

We are a relatively small player in this large space and plans are underway as we begin to roll out improved and differentiated offerings that include new sizes, new flavors and new formats. On the private label side we saw significant declines when our largest customer moved to a different private label supplier.

Similar to the Bolthouse CPG categories, we believe innovation is the key to driving growth in snacking. As Denise mentioned, snacking behavior is on the rise; today more than 50% of all occasions are snacks. As with all the perimeter categories innovation can help drive excitement with both retailers and consumers and we have been busy working on several innovations for our snacking business.

We recently launched different varieties of salsa including Jack's Special Organics, a less sweet more savory West Coast salsa called Restaurant Style, and a new salsa verde avocado, the first green salsa in the line. We also launched organic hummus, a few new flavors in organic snack packs as well as conventional hummus snack packs to meet the needs of consumers on the go.

Many of these items have started shipping this spring, so we are expecting to see momentum build over the coming months as customers begin to experience these new products.

While we continue to build out and service our private label soup customers we believe there is a promising opportunity to deliver a branded soup portfolio for consumers marrying the premium and ultra-premium approach we have taken across our beverage portfolio.

As such we are launching two new branded soup offerings this fall, a conventional lineup under the Garden Fresh Gourmet brand and an ultra-premium organic offering called Souplicity, which we will be testing and the natural and organic channel. Customer reception to Garden Fresh Gourmet soups has been very positive and we've already received commitments from several large key customers beyond our current private label customers.

This new branded platform has the potential to not only take our fresh soup business to new heights but also to expand awareness and trial of the Garden Fresh brand as we drive more scale across more deli categories.

The third leg of our growth strategy is to expand C Fresh into new spaces by taking a highly entrepreneurial approach to long-term innovation and leveraging the refrigerated operating platform we have built over the last several years.

Let's start with the operating platform. It has been designed to support sustained growth for the long-term. In the past years we have made incremental investments to increase capacity including expansion of production, warehousing, customer service and rail transport. This enables us to service growth across our existing businesses but, importantly, provides a platform for new bolt-on opportunities whether those are driven either through internal innovation, external partnerships or potential future M&A.

If you step up to a 30,000 foot view, what we built is an ecosystem designed to marry our internal capabilities with those of external partners who are best in class at taking great ideas and turning them into great businesses. Through our dynamic learning loops we assess opportunities and put them on the best innovation pathway to help ideas flourish and grow at a rapid pace.

With this approach we believe we can be more nimble and, importantly, place more bets on the table to significantly increase the success rate of these new platform ideas. Our long-term innovation approach is designed with a startup mentality driving more ideas into the marketplace with the ability to move quickly and pivot quickly.

We have created a dedicated team staffed with cross functional intrapreneurs to build new product platforms in new retail categories and channels. We are focusing on three types of platform innovation. First, bringing current center store categories to the perimeter. Second, reinventing traditional perimeter categories that need renovation. And finally, finding new business models and channel formats to meet consumer needs directly where they shop and eat.

This team has been built for robust idea generation, quick vetting and importantly rapid pivots to live in market incubations as quickly as possible. The new startup approach is already beginning to yield results with the oncoming launch of our first breakthrough platform. It is no secret that alternative milks have transformed the dairy category over the past few years with the emergence of almond milk, coconut milk.

Forecasters predict the alternative milk category will double in size by 2020 resulting in a $4 billion industry, signaling that the shift towards plant-based nutrition is real. As of today popular nut milks offer only 1 gram of protein per serving compared to 8 grams per traditional dairy milk. By leveraging our rapid innovation ecosystem and dynamic learning loop our team was able to build new great tasting alternative milks in a few short months.

We are proud to share with you today our new Bolthouse Farms plant protein milk that will hit dairy shelves this winter. Unlike other alternative milks it is made with 100% pea protein and has 10 grams of protein per serving, 2 more than traditional milk and 9 grams more than almond milk.

With this highly differentiated product we have already received promising interest from dairy buyers across the country and are poised to make a strong option for consumers who are moving towards plant-based diet and away from animal proteins.

This launch is just one of many breakthrough innovation startups that are in the queue for C Fresh. The team is energized about the possibilities and is hard at work to turn platform ideas like these into new businesses for Campbell's.

In closing let me summarize our three critical strategic priorities in the coming year for C Fresh. First, stabilize and maintain our carrot market share, profitability and cash flow. Second, position our CPG portfolio for sustained growth in large and growing categories, accelerating super-premium beverages with innovation and investment, expanding our ultra-premium beverage suite with the 1915 brand, increasing our footprint in snacking and simple meals. And lastly, launching new branded soup concepts.

Lastly, we will capture new sources of breakthrough innovation by investing and leveraging our rapid innovation ecosystem. I am confident that with a focus on these priorities we are poised for continued growth and, importantly, acceleration in the coming year. I appreciate your interest in C Fresh and I think now we are going to take a second and set up for questions. Thank you very much.

QUESTIONS AND ANSWERS

Ken Gosnell - *Campbell Soup Company - VP, Finance Strategy and IR*

Really quickly here, if you would raise your hand, we will get you a mic, and if you would wait for the mic so the people on the webcast can hear your question. And also just to get in the transcript, if you'd just say your name and your firm that would be helpful as well. So, while we are getting set up.

Andrew Lazar - *Barclays Capital - Analyst*

Andrew Lazar, Barclays. Just two quick things. One would be I think on the last call, Anthony, you said you expected organic sales growth in both the fourth quarter in 2017. It sounds like from some of the commentary maybe the fourth quarter we won't necessarily see that for the reasons you discussed. Is organic sales growth still the expectation for fiscal 2017 at this point?

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

Yes, Andrew, so we are going to give our specific guidance on September 1, but I think what we would say today, that we expect better performance in 2017 than we are achieving in 2016. And again, we will give you more specifics when we get to the fourth quarter call.

Andrew Lazar - *Barclays Capital - Analyst*

And then, Mark, with respect to the new Well Yes soup, I am just curious, the thinking around having it still in a can let's say versus some of the alternative packaging you have used for some of the premium soups like aseptic or the pouch and such. And then also the mid-year -- the mid-fiscal year launch.

I know that is something that you are pushing it forward because you have the capability. But I guess some of the mid-year launches -- maybe I am mistaken -- haven't necessarily been as successful or powerful as you wanted them. So I would be curious around those two things. Thank you.

Mark Alexander - *Campbell Soup Company - President, Americas Simple Meals and Beverages*

Yes. I think first of all on the pack format selection, we are trying to bring something very new to the category, but balancing that with keeping some familiar cues. Because we see this as a really broadly appealing range. We also wanted to be able to deliver it at a reachable value.

The can is still -- we deliver fantastic quality in the can, better than many of the other packaging systems. And so far the pouches and the cartons and the various things have been fairly nichey and we think that we can deliver something better at scale in the can and at the right value proposition.

Yes, that midyear launch thing is a vexed decision. So we did pull it forward. Where we typically have had some mix performance doing that is when we don't -- because it is a mid-year we say well, let's get it out there and then we will kind of wait until September to really get behind it. We will do some shopper marketing or something.

The approach we are taking this time is it is a brand launch, starting on January 1. And we are going to spend as if we were watching it in September. We are going to put significant support behind this to drive the awareness and trial as if it was the beginning of the season. We haven't done that in a very long time. So I think I am pretty optimistic that this one will work.

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

January is also a wellness month and so therefore the opportunities for merchandising are really good.

Michael Lavery - *CLSA - Analyst*

Michael Lavery, CLSA. Denise, in your comments you had the comment -- you mentioned the focus on fresh and natural and organic and functional. And you had some backup pages and comments on the first two, but not as much on functional. Is that a little bit less of a priority or is it further out time wise, can you put some of that in context?

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

I am not sure I heard part of your question.

Michael Lavery - *CLSA - Analyst*

When you were going through the high-level view and the focus on fresh and natural and organic --

---

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

Oh, your question is on functional.

Michael Lavery - *CLSA - Analyst*

-- and functional. Right, on functional there wasn't as much backup commentary, is there a reason for that or is it a further out opportunity timing wise?

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

Yes, we are committed to all three spaces and functional is more in our longer-term innovation pipeline.

Michael Lavery - *CLSA - Analyst*

And then just quickly on the West Coast expansion for the bakery, is there CapEx related to that or is it a co-manufacturing arrangement or what is the plant there?

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

When you expand on (inaudible) you need different things, you need investment on the brand, you need a distribution system, which being a baker you need basically delivered daily. And then you need obviously the product supply piece.

So we are working, once we choose that market we are looking for inside our network and the opportunity in terms of size of the price. And then obviously we have eight plants around US, you can supply that different ways, but that really depends on the magnitude of the market. If the opportunity is there we make the investment.

Jason English - *Goldman Sachs - Analyst*

Question for you, Mark. Trade budget optimization was something that entered the lexicon for you guys earlier this year as you talked about your pricing strategy within soup. You clearly began to deploy some of this past year. Can you talk about some of the learnings that came from that? Some of the competitive responses you saw, how that has morphed over the past six, nine months or so?

And what the outlook is going forward, particularly in context to General Mills' comments that it may be following a bit in your wake of looking at soup as more of a cash generator and potentially pulling back on some of the same investments that you began to pull back on last year?

Mark Alexander - *Campbell Soup Company - President, Americas Simple Meals and Beverages*

Okay, that was Jason English from Goldman Sachs.

Jason English - *Goldman Sachs - Analyst*

Thank you for the (inaudible).

Mark Alexander - *Campbell Soup Company - President, Americas Simple Meals and Beverages*

And I anticipated you might ask about that. So yes, we have a long range strategy around net price realization for all of our businesses across the Americas, combination of list pricing and trade spend optimization. We moved pretty aggressively this year across our portfolio of condensed soup, RTS soup, Italian sauce and we got a lot of learnings. We saw in places where competitors followed and in some places where they didn't.

We will always take -- we have a long-range plan of architecture -- category pricing architecture and where we want to go. But there will always be governors in place. And the governors that are there is what is the commodity inflation picture and what are we seeing there that we are trying to offset. And then obviously what is our competitive position in the marketplace.

So as we evaluate what happened this year, I mean I am really pleased with the fact that we really stuck to our guns, we put the pricing out there, we stuck with it, we wore some volume issues particularly in RTS soup as we did that. But I think we have established new price points in the marketplace. Going forward we plan to price appreciate over our strategic plan. Exactly when we do that will depend on the factors that I talked about.

THOMSON REUTERS

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

In addition, we have set up a revenue management analytics group in integrated global services with the intent of making sure we get more return for the dollars invested and we will continue to get better at that as we go along.

Chris Growe - *Stifel Nicolaus - Analyst*

Thank you, I had two quick questions -- two questions sort of related. Denise, in your commentary you talk about C Fresh getting to like a $2 billion in sales mark. And I guess I want to understand what is the right rate of growth over the next several years organically for that business? And then to the degree to which you would be open to acquisitions? That has been an area you have been acquiring in as well. So just want to understand those two kind of fit together.

And then you also talked about some faster growth in the emerging markets or some new sales opportunities there. And just what investments are required to do that? Is it a matter of just pushing brands you have now into those markets or is it acquisitions? Or what are you trying to do to grow in those markets, China, Southeast Asia, that kind of region?

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

Well, I will talk and then these guys can chime in. But the goal of literally doubling the business in C Fresh is really driven by the investment in capacity that we have been making and the investment in innovation that Jeff talked about. We see this business as a steady stream of new products coming to market. We have now set up the longer-term innovation group to be able to -- rapid prototype, incubate and get in or out depending upon how the products perform.

But we see a huge consumer momentum in this area and that is why we believe that we can double it. And really our focus is on the CPG portion. Carrots are the chassis for the distribution system but it is really the CPG business that we are on full force growth.

And then in terms of expanding our presence around the world, this area in Asia and in China and Indonesia is absolutely wonderful for the brands that we bought and for our base brands, because we have the asset based in Australia, we are investing in additional capacity in Indonesia. And with the Kelsen model we have been able to expand our presence in China and we will be looking at that over time to see what the capacity needs will be. But we believe that we have got a market there that is really ripe for expansion.

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

Maybe, sorry, just one additional comment on there. When we talk about expanding you have different ways, you have organic entry, you have acquisition, you've got joint venture, you have got partnership, you have got a gazillion different things. So the point is that there are some markets where it makes more sense to go with distribution, distributors or you may think about organic, other markets where highly competitive is unlikely to get in there as an organic play.

So, the idea is that we have space of where we are to expand in distribution our existing products in the mother market, if you wish. And then we have a lot of space of the Goldfish of the situation, the (inaudible) situation of crossing to other markets where we have a base. Then all the rest it depends on what becomes available and we are obviously looking specifically Asia and Latin America for additional growth.

Alexia Howard - *Bernstein - Analyst*

Alexia Howard from Bernstein. You talked a lot about disruptive change, faster pace of change, barriers to entry across the industry coming up as challenger brands break out. Given all that increased competition is it realistic to expect across the industry that returns on invested capital won't eventually start to come down?

And given that, is it meaningful to have a long-term earnings growth algorithm given that level of uncertainty about how things are going to play out? And given that a lot of the big value opportunities seem to be well beyond or outside your business model, how can you make sure that you can participate in the right profit pools where Campbell's capabilities actually fit? Thank you.

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

We actually in following the consumer, the consumer is taking us into these new faster growing spaces. And quite frankly, we are finding that with the acquisitions that we have made we are bringing new capabilities in the Company to be able to do that profitably. And we are being able to leverage the capabilities we already have in parts of our category that -- so for example with shelf stable soup to fresh soup, with shelf stable juices to fresh juice.

So, these are expansions into categories we already know, but in different formats and different business models made available to us through the acquisitions we have made and the innovation that we are pursuing. I don't know if you have any other comment (inaudible).

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

I think these trends are going to happen over a period of time. And in my view, and certainly in the near-term, it is appropriate to have sales and earnings targets -- long-term targets.

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

We also are very committed to strengthening our core business too we believe it is our job to bring new consumers into the franchises in the center store as well. And as you can see from the lineup of innovative ideas today, we are continuing to invest there.

Ken Gosnell - *Campbell Soup Company - VP, Finance Strategy and IR*

David Palmer and then Bryan.

David Palmer - *RBC Capital Markets - Analyst*

Thanks, David Palmer, RBC. Two questions margin related. You talked about the C Fresh business getting $2 billion of incremental package fresh over the next few years. If you get there what can that division margin be? It is 7% currently so it's essentially an incremental margin question. And then separately, how material to gross margins will the real food renovation program be? Do you anticipate that being a gross margin investment or do you think pricing will cover that? Thanks.

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

Yes, I would say within C Fresh what you really need to understand, it is really a tale of two cities within that business today. The carrot business operates at a gross margin that is substantially less than the faster growing CPG businesses. So over time as that CPG business grows faster than carrots there should be a natural mix benefit.

That $2 billion objective was a combination of organic and external development. As we pursue external development I would hope those margins are more like the CPG business than the carrot business. So those things combined, we are optimistic we can expand the operating margin of that business over time.

Mark Alexander - *Campbell Soup Company - President, Americas Simple Meals and Beverages*

As to the second part of your question, David, no, we don't expect it to result in margin dilution, the move to real food, certainly within the core business. I mentioned we are investing about $50 million over the next three years, so $15 million to $17 million a year is not a huge amount. We will offset that with other productivity initiatives.

And the other thing is we can price them and we're trying to deliver consumer value as we do this. So, we think we will be able to pass some of that through. And so, the other thing is we get into some of these formulas we surprise ourselves sometimes, and we simplify the formula, take some things out.

We have actually managed to improve taste, improve realness and reduce cost in some of the reformulations we have been doing. So, it is a journey but, no, that is not going to -- we are not going to turn the margins upside down as we do it.

Ken Gosnell - *Campbell Soup Company - VP, Finance Strategy and IR*

Last question, we are actually running a little long, but Bryan.

Bryan Spillane - *BofA Merrill Lynch - Analyst*

Thanks, it is Bryan Spillane from Bank of America Merrill Lynch. So what we have experienced over the last year has been a lot of change in this Company. You have re-segmented in the last year, done some headcount reduction, there has been a lot of cost reduction that has come through.

It sounds like kind of what we heard today is there is really -- you are ready to begin investing more and sometimes some of it is in some things that have longer fuses will take longer to develop.

So one question is is that sort of the way -- one thing we should take away from today is you are really ready to sort of invest more and light the fuse in some of these things?

And then the second, as we think about that in terms of earnings algorithms, this -- 2016 was a pretty strong earnings year because of the way cost savings come through, it sounds like there is more investment coming in the future. So should we think about algorithm more as kind of average over time as opposed to being on an earnings algorithm every year? Thanks.

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

Yes, I would say your takeaway that we are prepared to accelerate some investments is an appropriate takeaway. In terms of where that nets out on the near-term EBIT and EPS we are going to talk about on September 1.

We tried to share with you what are the headwinds and tailwinds that we are experiencing. And we do expect gross margins to expand slightly, productivity and cost savings in excess of inflation. But on the other side we do plan to make some investments and we do plan to support some of our key brands.

Ken Gosnell - *Campbell Soup Company - VP, Finance Strategy and IR*

All right, we are out of time. Thank everyone for coming and that is the end of the program today. Thanks, everybody.
