



*Campbell's*

®

**Investor Update**

**First Quarter  
of Fiscal 2011**

November 23, 2010



# Investor Update

## First Quarter of FY11

**Jennifer Driscoll**

Vice President, Investor Relations



# Forward-Looking Statements

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This presentation contains “forward-looking statements” that reflect the company’s current expectations about the impact of its future plans and performance on sales, earnings, and margins. These forward-looking statements rely on a number of assumptions and estimates that could be inaccurate and which are subject to risks and uncertainties. The factors that could cause the company’s actual results to vary materially from those anticipated or expressed in any forward-looking statement include (1) the impact of strong competitive responses to the company's efforts to leverage its brand power in the market; (2) the risks associated with trade and consumer acceptance of the company’s initiatives; (3) the company's ability to realize projected cost savings and benefits; (4) the company’s ability to manage changes to its business processes; (5) the increased significance of certain of the company’s key trade customers; (6) the impact of fluctuations in the supply or costs of energy and raw and packaging materials; (7) the impact of portfolio changes; (8) the uncertainties of litigation; (9) the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions and other external factors; (10) the impact of unforeseen business disruptions in one or more of the company’s markets due to political instability, civil disobedience, armed hostilities, natural disasters or other calamities; and (11) other factors described in the company’s most recent Form 10-K and subsequent Securities and Exchange Commission filings. The company disclaims any obligation or intent to update the forward-looking statements in order to reflect events or circumstances after the date of this release.



# Non-GAAP Measures

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This presentation includes certain “non-GAAP” measures as defined by SEC rules. We have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is shown as an appendix to this presentation.



# CEO Perspective

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**Douglas R. Conant**

- First-quarter EPS declined 6%
  - Increased promotional spending lowered eating soup sales and profits
  - Strength in healthy beverages, Pepperidge Farm and cooking soups
- Improved price realization anticipated to benefit second half of fiscal year



# CEO Perspective

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# Results for the First Quarter

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**B. Craig Owens**

## Agenda:

- First-quarter results
- Segment highlights
- Sales & Earnings Guidance



# First Quarter Financial Summary

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(\$ millions, except per share)

	<u>First Quarter</u>	<u>% Change</u>
Net Sales	\$ 2,172	(1)
<i>Organic Net Sales</i>	2,158	(2) *
EBIT	444	(7)
EPS - Diluted	0.82	(6)

\*See Non-GAAP reconciliation

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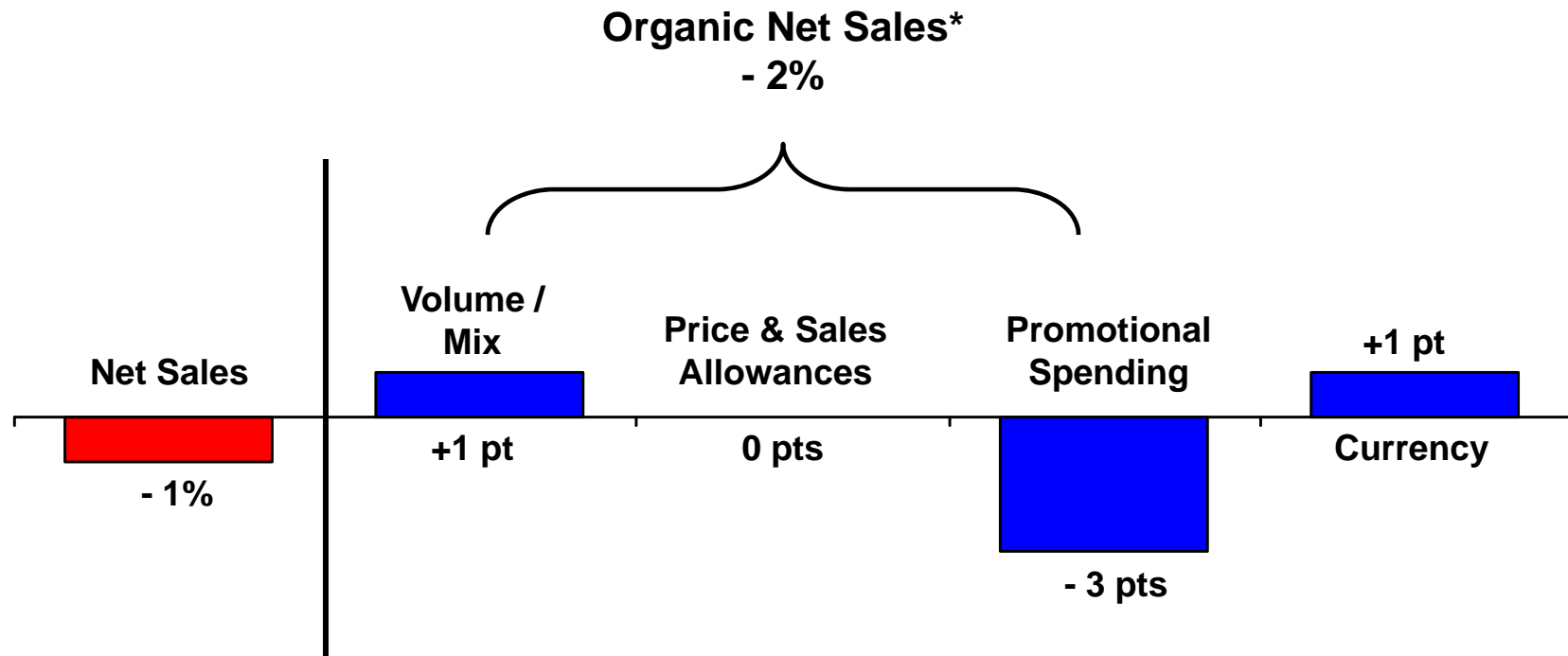




# First Quarter – 2011

## Components of Net Sales Change

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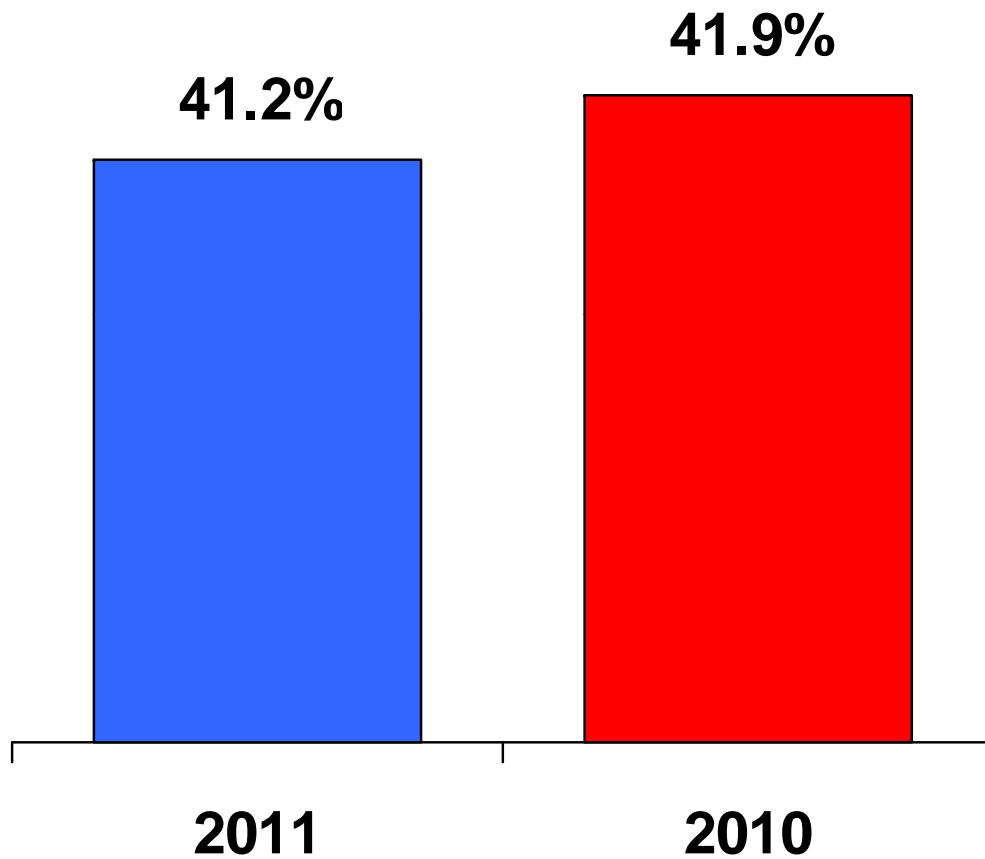
\*See Non-GAAP reconciliation

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# First-Quarter Gross Margin Performance

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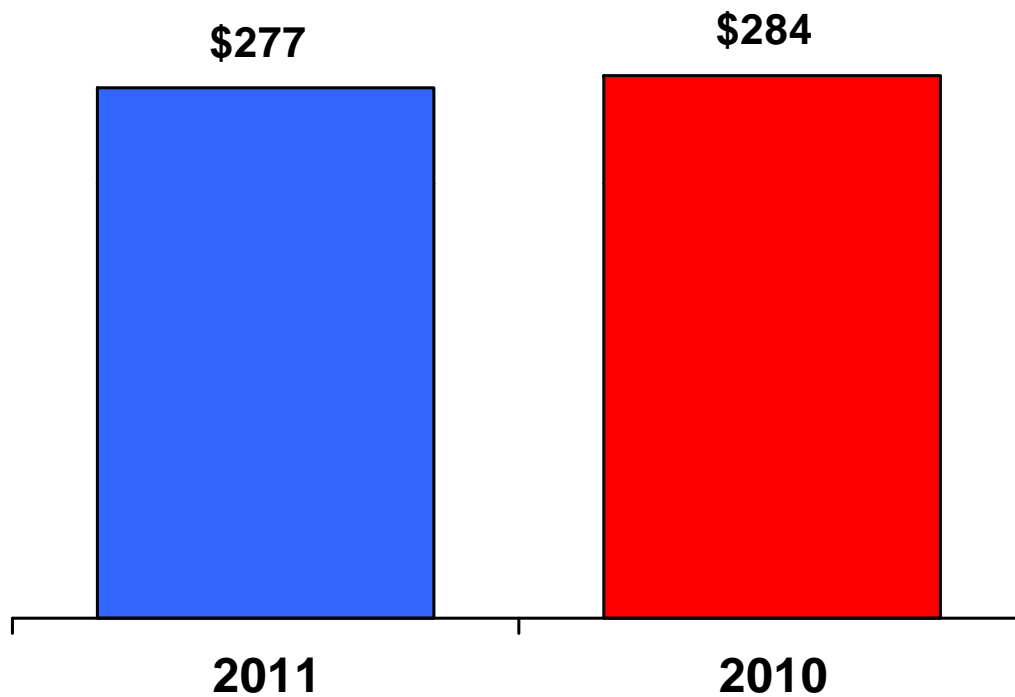
- Increased promotional spending
- Productivity improvements in excess of cost inflation
- Favorable mix



# First-Quarter Marketing and Selling Expenses

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(\$ millions)



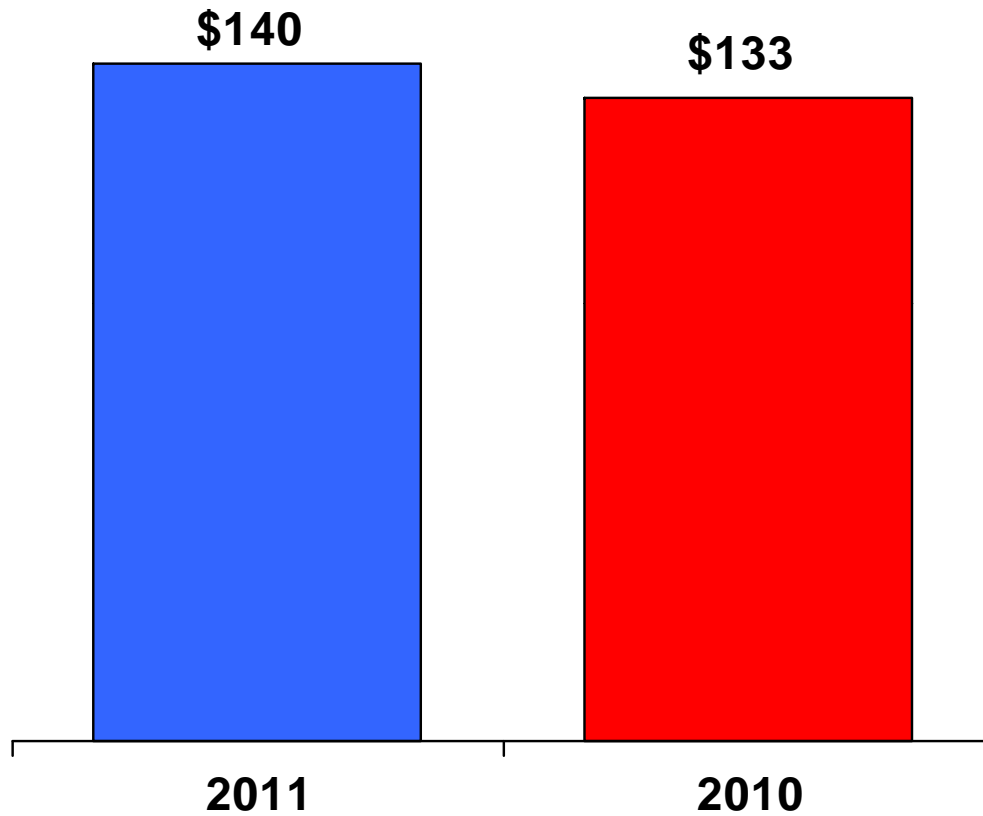
- Lower selling expenses due to cost savings
- Increased advertising and consumer promotion spending



# First-Quarter Administrative Expenses

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(\$ millions)



- Increased pension expense
- Higher long-term incentive compensation costs
- Currency



# First-Quarter Financial Summary

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(\$ millions, except per share)

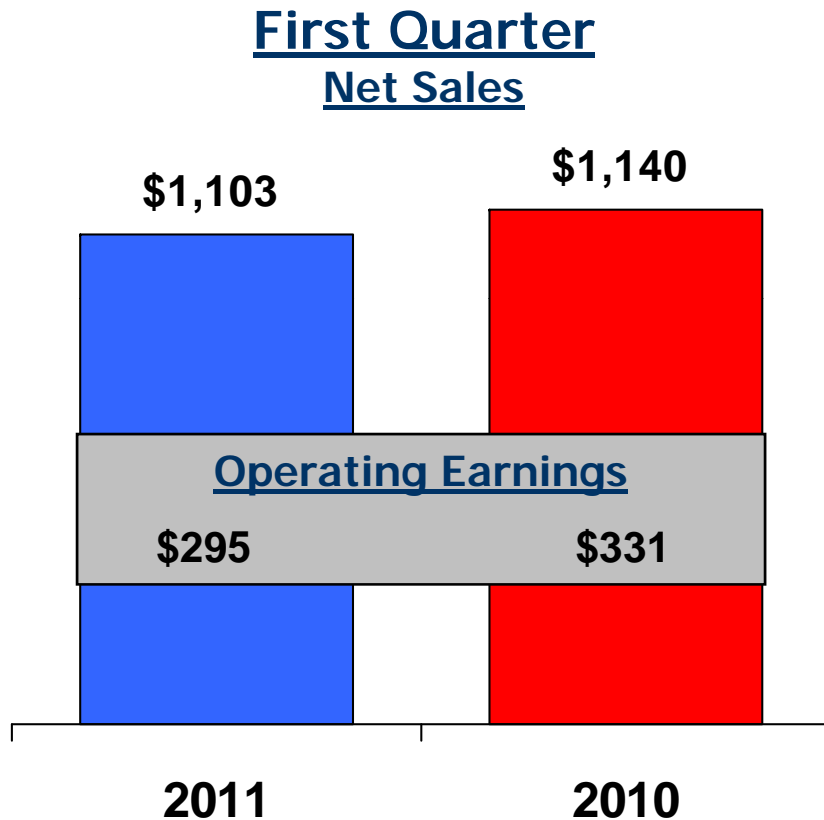
	<u>First Quarter</u>	<u>% Change</u>
EBIT	\$ 444	(7%)
Interest, Net	\$ 30	11%
Tax Rate	32.6%	0 pts
Net Earnings	\$ 279	(8%)
EPS - Diluted	\$ 0.82	(6%)
Diluted Shares	338	(2%)



# U.S. Soup, Sauces, and Beverages

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(\$ millions)



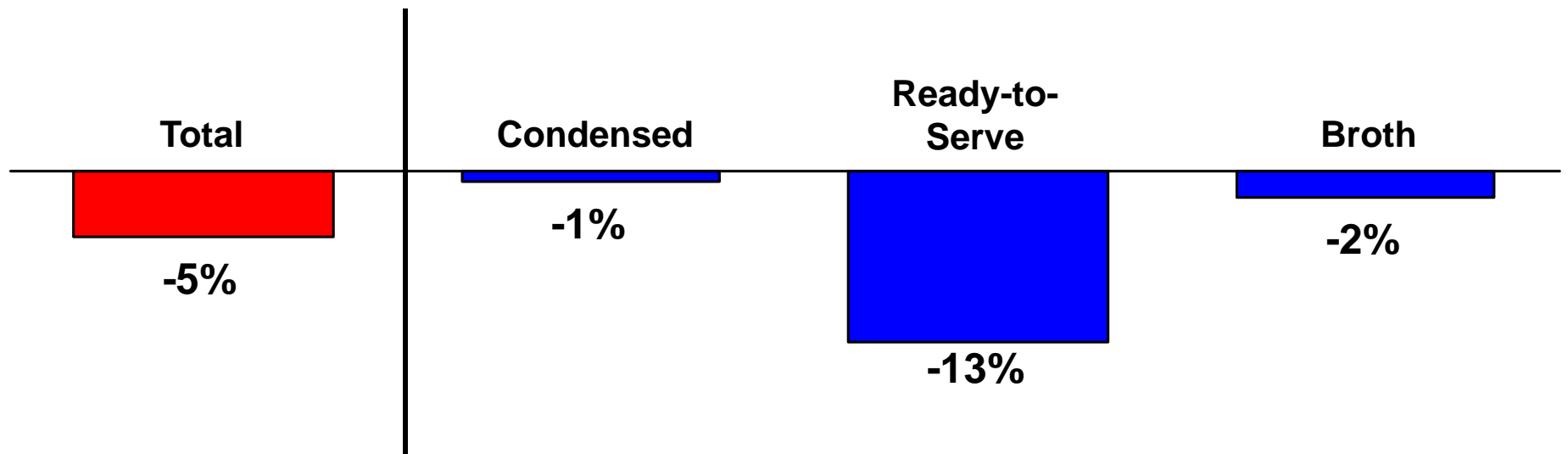
- Net Sales declined 3%
  - U.S. Soup sales decreased 5%
  - Beverage volume and sales increased double digits
- Operating Earnings down 11%
  - Increased promotional spending
  - Cost inflation
  - Productivity improvements



# First Quarter – U.S. Soup Net Sales

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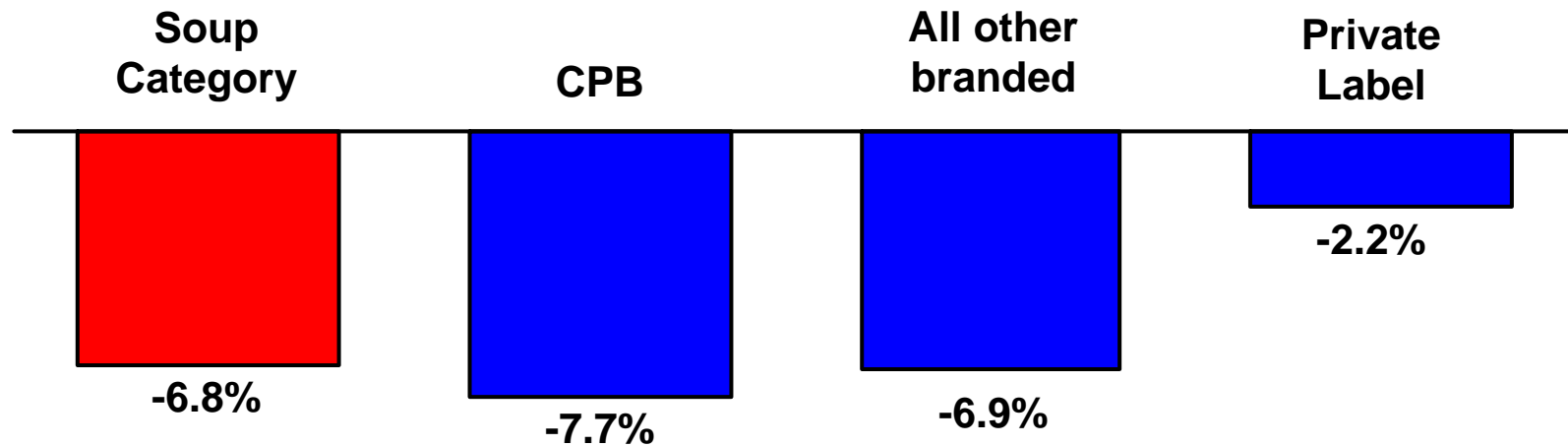
% Change vs. prior year



# Retail Sales – U.S. Wet Soup Category Performance

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## % Change in \$



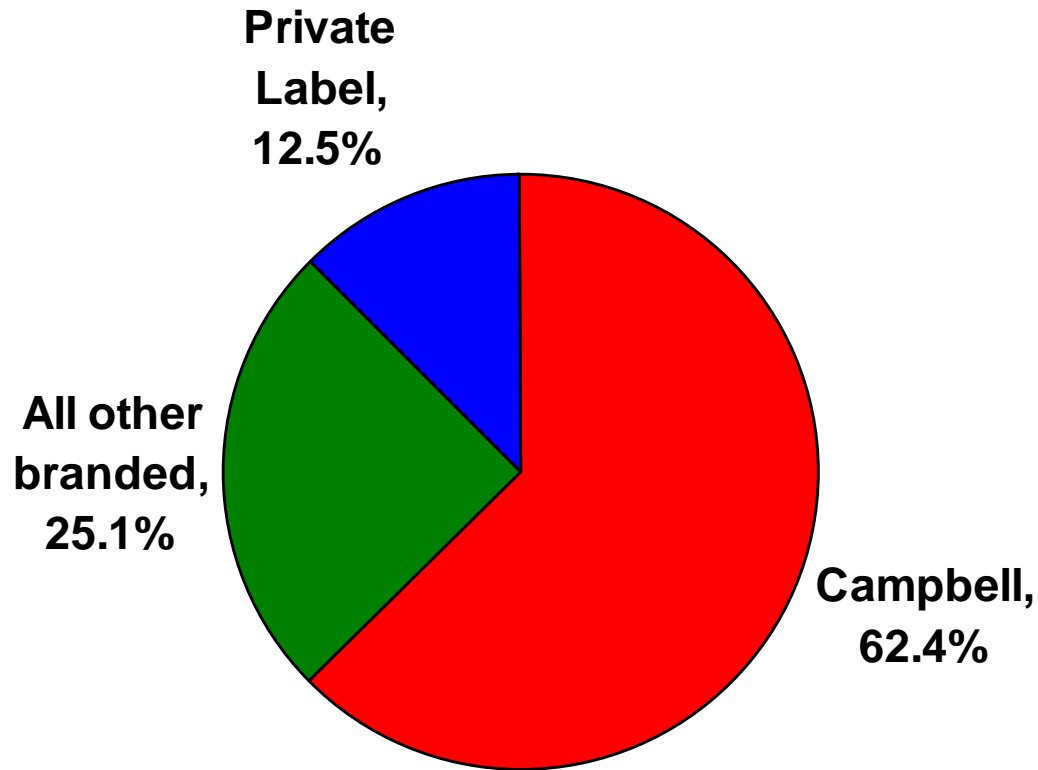
Campbell figures include condensed and ready-to-serve soup and broth. Sauces are excluded.  
Source: IRI panel data and internal company estimates  
For 52-week period ending October 31, 2010





# U.S. Wet Soup Dollar Share

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- Campbell's dollar share declined
- Campbell's volume share held steady

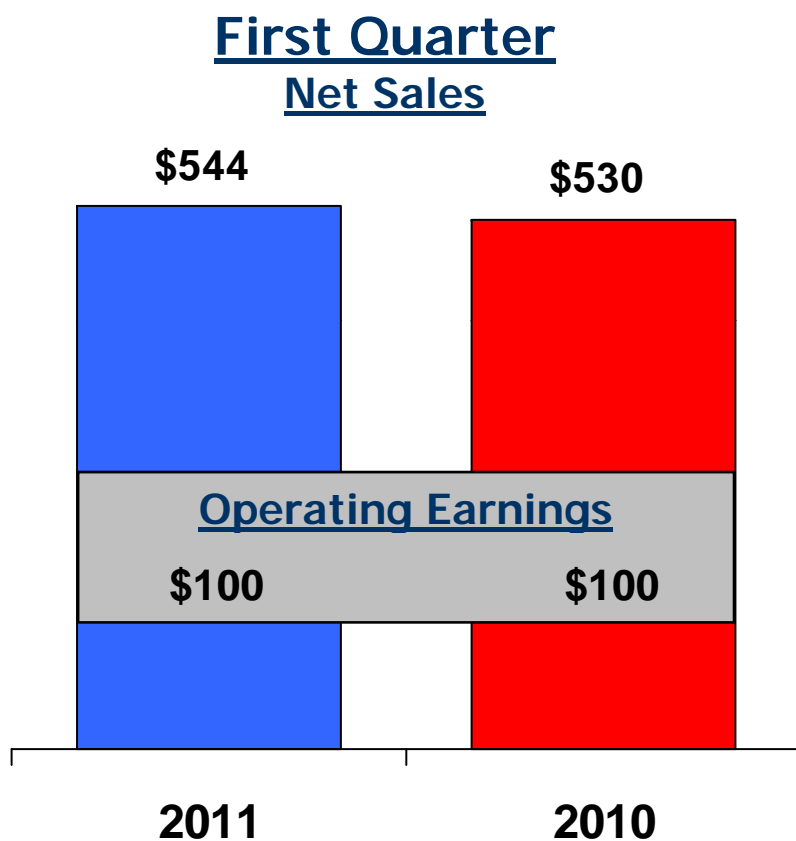
Includes condensed soup, ready-to-serve soup and broth  
Source: IRI panel data and internal company estimates  
For 52-week period ending October 31, 2010



# Baking and Snacking

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(\$ millions)



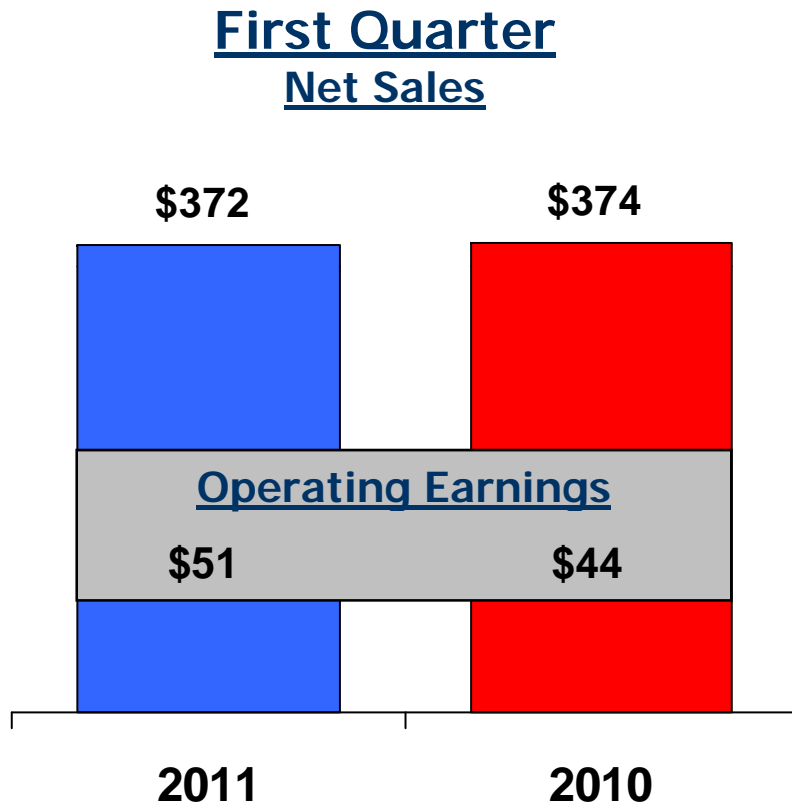
- Organic Net Sales comparable to a year ago\*
  - Volume gains in Pepperidge Farm and Arnotts
  - Increased promotional spending
- Operating Earnings steady versus prior year
  - Favorable currency impact
  - Earnings growth in Pepperidge Farm
  - Lower earnings in Arnotts

\* See Non-GAAP reconciliation



# International Soup, Sauces, and Beverages

(\$ millions)



- Organic Net Sales comparable to a year ago\*
  - Gains in Europe and the Asia Pacific region
  - Declines in Latin America
- Operating Earnings increased 16%
  - Growth in Europe

\* See Non-GAAP reconciliation

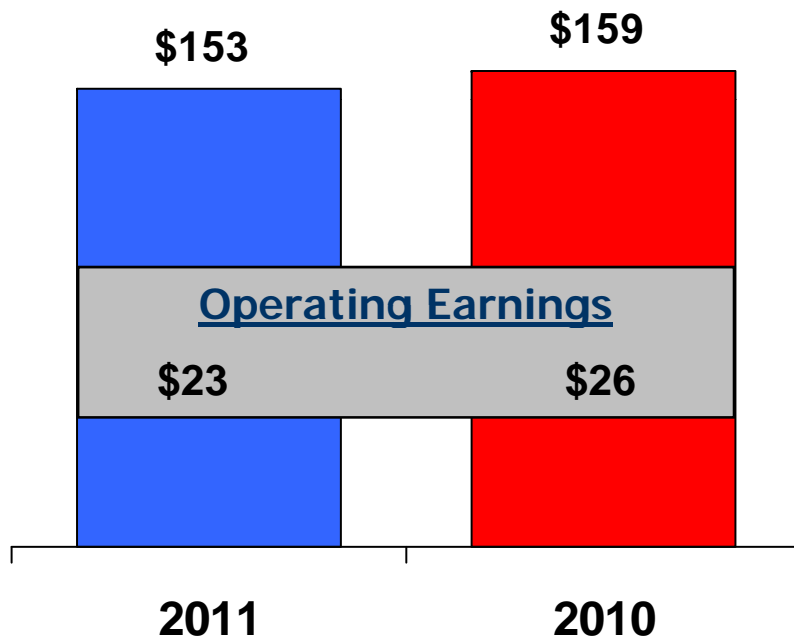


# North America Foodservice

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(\$ millions)

## First Quarter Net Sales



- Organic Net Sales declined 5%\*
- Operating Earnings decreased 12%

\* See Non-GAAP reconciliation



# Cash Flow and Balance Sheet

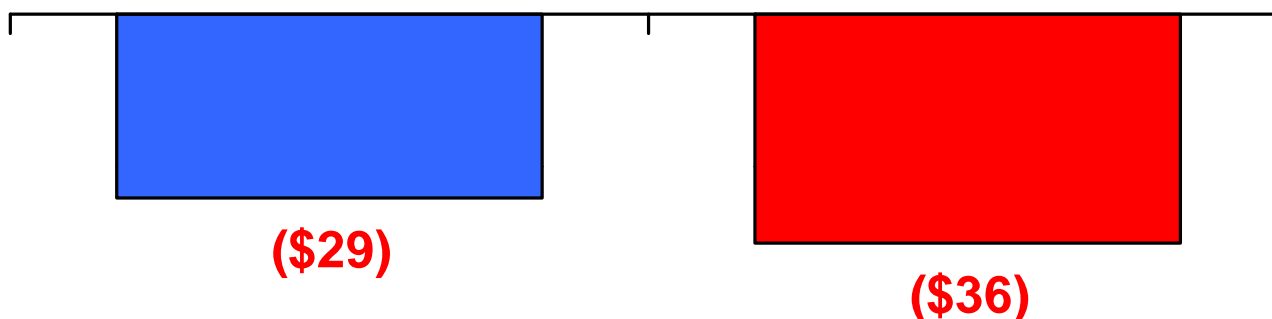
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(\$ millions)

## Cash Flow from Operations

2011

2010




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	<u>2011</u>	<u>2010</u>
First Quarter Capital Expenditures	\$27	\$44
First Quarter Share Repurchases	\$156	\$94
Net Debt*	\$2,789	\$2,829

\*See Non-GAAP reconciliation



# Campbell Fiscal 2011 Guidance

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	<u>Growth Rate</u>
Net Sales	1-3%
Adjusted EBIT*	--
Adjusted Net Earnings per Share*	2-4%
— Versus fiscal 2010 adjusted base of \$2.47*	

\*See Non-GAAP reconciliation

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# Appendix





# Reconciliation of GAAP and Non-GAAP Financial Measures

## Net Sales For the Three Months Ended (millions)

	Net Sales			% Change	
	Net Sales, As Reported	Impact of Currency	Organic Net Sales	Net Sales, As Reported	Organic Net Sales
<b>First Quarter</b>					
<b><u>October 31, 2010</u></b>					
U.S. Soup, Sauces and Beverages	\$ 1,103	\$ -	\$ 1,103	-3%	-3%
Baking and Snacking	544	(14)	530	3%	0%
International Soup, Sauces and Beverages	372	2	374	-1%	0%
North America Foodservice	153	(2)	151	-4%	-5%
<b>Total Net Sales</b>	<b>\$ 2,172</b>	<b>\$ (14)</b>	<b>\$ 2,158</b>	<b>-1%</b>	<b>-2%</b>
<b><u>November 1, 2009</u></b>					
U.S. Soup, Sauces and Beverages	\$ 1,140	\$ -	\$ 1,140		
Baking and Snacking	530	-	530		
International Soup, Sauces and Beverages	374	-	374		
North America Foodservice	159	-	159		
<b>Total Net Sales</b>	<b>\$ 2,203</b>	<b>\$ -</b>	<b>\$ 2,203</b>		



# Reconciliation of GAAP and Non-GAAP Financial Measures

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## First Quarter

	<u>Diluted EPS</u>
2010 - As Reported	\$ 0.87
2009 - As Reported	\$ 0.70
Add: Unrealized Losses on Commodity Hedges	0.04
Add: Restructuring-Related Costs	0.01
2009 - Adjusted	<u>\$ 0.76</u> <sup>(1)</sup>
% Change	14%

<sup>(1)</sup> The sum of individual per share amounts do not add due to rounding



# Reconciliation of GAAP and Non-GAAP Financial Measures

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(\$ millions)

## Net Debt

	<u>October 31, 2010</u>	<u>November 1, 2009</u>
Short-Term Borrowings	\$ 1,134	\$ 656
Long-Term Debt	1,946	2,249
Total Debt	<u>\$ 3,080</u>	<u>\$ 2,905</u>
Less: Cash and Cash Equivalents	(291)	(76)
Net Debt	<u><u>\$ 2,789</u></u>	<u><u>\$ 2,829</u></u>



# Reconciliation of GAAP and Non-GAAP Financial Measures

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(\$ millions, except per share)

## Fiscal Year - 2010

	<u>EBIT</u>	<u>Net Earnings</u>	<u>Diluted EPS</u>
2010 - As Reported	\$ 1,348	\$ 844	\$ 2.42
Add: Health Care Legislation Tax Expense	-	10	0.03
Add: Restructuring Charges	12	8	0.02
2010 - Adjusted	<u>\$ 1,360</u>	<u>\$ 862</u>	<u>\$ 2.47</u>

