CAMPBELL SOUP CO
Form 10-Q
March 07, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended	Commission File Number
January 29, 2012	1-3822

CAMPBELL SOUP COMPANY

New Jersey	21-0419870
State of Incorporation	I.R.S. Employer Identification No.

1 Campbell Place
Camden, New Jersey 08103-1799
Principal Executive Offices
Telephone Number: (856) 342-4800

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. R Yes o No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). R Yes o No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes R No
There were 316,471,418 shares of capital stock outstanding as of February 29, 2012.

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PART I.

ITEM 1. FINANCIAL INFORMATION

CAMPBELL SOUP COMPANY
Consolidated Statements of Earnings
(unaudited)
(millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011
Net sales	$2,112	$2,127	$4,273	$4,299
Costs and expenses				
Cost of products sold	1,301	1,289	2,608	2,567
Marketing and selling expenses	297	291	558	568
Administrative expenses	152	154	297	294
Research and development expenses	29	31	59	62
Other expenses / (income)	1	3	1	5
Restructuring charges	3	—	5	—
Total costs and expenses	1,783	1,768	3,528	3,496
Earnings before interest and taxes	329	359	745	803
Interest expense	28	34	58	66
Interest income	2	3	4	5
Earnings before taxes	303	328	691	742
Taxes on earnings	102	89	227	224
Net earnings	201	239	464	518
Less: Net earnings (loss) attributable to noncontrolling interests	(4)	—	(6)	—
Net earnings attributable to Campbell Soup Company	$205	$239	$470	$518
Per Share — Basic				
Net earnings attributable to Campbell Soup Company	$.64	$.72	$1.46	$1.54
Dividends	$.29	$.29	$.58	$.565
Weighted average shares outstanding — basic	318	330	319	332
Per Share — Assuming Dilution				
Net earnings attributable to Campbell Soup Company	$.64	$.71	$1.45	$1.53
Weighted average shares outstanding — assuming dilution	320	332	321	335

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Balance Sheets
(unaudited)
(millions, except per share amounts)

	January 29, 2012	July 31, 2011
Current assets		
Cash and cash equivalents	$322	$484
Accounts receivable	683	560
Inventories	746	767
Other current assets	167	152
Total current assets	1,918	1,963
Plant assets, net of depreciation	2,047	2,103
Goodwill	2,058	2,133
Other intangible assets, net of amortization	511	527
Other assets	131	136
Total assets	$6,665	$6,862
Current liabilities		
Short-term borrowings	$870	$657
Payable to suppliers and others	551	585
Accrued liabilities	598	619
Dividend payable	93	95
Accrued income taxes	40	33
Total current liabilities	2,152	1,989
Long-term debt	2,008	2,427
Deferred taxes	425	367
Other liabilities	883	983
Total liabilities	5,468	5,766
Campbell Soup Company shareowners' equity		
Preferred stock; authorized 40 shares; none issued	—	—
Capital stock, $.0375 par value; authorized 560 shares; issued 542 shares	20	20
Additional paid-in capital	332	331
Earnings retained in the business	9,466	9,185
Capital stock in treasury, at cost	(8,138)	(8,021)
Accumulated other comprehensive loss	(485)	(427)
Total Campbell Soup Company shareowners' equity	1,195	1,088
Noncontrolling interests	2	8
Total equity	1,197	1,096
Total liabilities and equity	$6,665	$6,862

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Cash Flows
(unaudited)
(millions)

	Six Months Ended	
	January 29, 2012	January 30, 2011
Cash flows from operating activities:		
Net earnings	$464	$518
Adjustments to reconcile net earnings to operating cash flow		
Restructuring charges	5	—
Stock-based compensation	45	46
Depreciation and amortization	124	129
Deferred income taxes	46	77
Other, net	60	54
Changes in working capital		
Accounts receivable	(140)	(186)
Inventories	6	32
Prepaid assets	—	9
Accounts payable and accrued liabilities	(45)	(39)
Pension fund contributions	(63)	(135)
Receipts from (payments of) hedging activities	(3)	1
Other	(21)	(23)
Net cash provided by operating activities	478	483
Cash flows from investing activities:		
Purchases of plant assets	(97)	(74)
Sales of plant assets	1	9
Other, net	1	—
Net cash used in investing activities	(95)	(65)
Cash flows from financing activities:		
Net short-term borrowings (repayments)	(191)	351
Dividends paid	(188)	(188)
Treasury stock purchases	(173)	(573)
Treasury stock issuances	23	38
Excess tax benefits on stock-based compensation	—	6
Net cash used in financing activities	(529)	(366)
Effect of exchange rate changes on cash	(16)	19
Net change in cash and cash equivalents	(162)	71
Cash and cash equivalents — beginning of period	484	254
Cash and cash equivalents — end of period	$322	$325

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Equity
(unaudited)
(millions, except per share amounts)

	Campbell Soup Company Shareowners' Equity								
	Capital Stock Issued		In Treasury		Additional Paid-in Capital	Earnings Retained in the Business	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount					
Balance at August 1, 2010	542	$ 20	(206)	$(7,459)	$ 341	$8,760	$ (736)	$ 3	$929
Comprehensive income (loss)									
Net earnings (loss)						518		—	518
Foreign currency translation adjustments, net of tax							119	—	119
Cash-flow hedges, net of tax							2		2
Pension and postretirement benefits, net of tax							20		20
Other comprehensive income (loss)							141	—	141
Total comprehensive income (loss)									659
Dividends ($.565 per share)						(191)			(191)
Treasury stock purchased			(16)	(573)					(573)
Treasury stock issued under management incentive and stock option plans			3	93	(25)				68
Balance at January 30, 2011	542	$ 20	(219)	$(7,939)	$ 316	$9,087	$ (595)	$ 3	$892
Balance at July 31, 2011	542	$ 20	(222)	$(8,021)	$ 331	$9,185	$ (427)	$ 8	$1,096
Comprehensive income (loss)									
Net earnings (loss)						470		(6)	464
Foreign currency translation adjustments, net of tax							(97)	—	(97)
Cash-flow hedges, net of tax							9		9
							30		30

Pension and postretirement benefits, net of tax									
Other comprehensive income (loss)						(58)	—	(58)	
Total comprehensive income (loss)								406	
Dividends ($.58 per share)					(189)			(189)	
Treasury stock purchased		(5)	(173)					(173)	
Treasury stock issued under management incentive and stock option plans		2	56	1				57	
Balance at January 29, 2012	542	$ 20	(225)	$(8,138)	$ 332	$9,466	$ (485)	$ 2	$1,197

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements
(unaudited)
(currency in millions, except per share amounts)

1. Basis of Presentation and Significant Accounting Policies

The financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations, financial position, and cash flows for the indicated periods. All such adjustments are of a normal recurring nature. The accounting policies used in preparing these financial statements are consistent with those applied in the Annual Report on Form 10-K for the year ended July 31, 2011. The results for the period are not necessarily indicative of the results to be expected for other interim periods or the full year.

2. Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued additional authoritative guidance related to fair value measurements and disclosures. The guidance requires a roll forward, separately presenting information about purchases, sales, issuances and settlements on a gross basis, rather than net, of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The company adopted the guidance in the first quarter of 2012. The adoption did not have a material impact on the consolidated financial statements.

In November 2010, the FASB issued additional authoritative guidance clarifying the required disclosures of supplementary pro forma information for business combinations. The guidance is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010.

In December 2010, the FASB issued additional authoritative guidance on accounting for goodwill. The guidance clarifies the impairment test for reporting units with zero or negative carrying amounts. The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2011. The company does not expect the adoption to have a material impact on the company’s consolidated financial statements.

In May 2011, the FASB issued further additional authoritative guidance related to fair value measurements and disclosures. The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between accounting principles generally accepted in the United States (U.S. GAAP) and International Financial Reporting Standards (IFRS). The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2011. The company is currently assessing the impact of the guidance.

In June 2011, the FASB issued authoritative guidance requiring entities to present net income and other comprehensive income (OCI) in one continuous statement or two separate, but consecutive, statements of net income and comprehensive income. The option to present items of OCI in the statement of changes in equity has been eliminated. In December 2011, the FASB issued an amendment to defer indefinitely a requirement in the June 2011 standard that called for reclassification adjustments from accumulated other comprehensive income to be measured and presented by income statement line item in net income and also in OCI. The new requirements are effective for annual reporting periods beginning after December 15, 2011 and for interim reporting periods within those years. The company does not expect the adoption to have a material impact on the company’s consolidated financial statements.

In September 2011, the FASB issued revised guidance intended to simplify how an entity tests goodwill for impairment. The amendments will allow an entity first to assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity will no longer be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The company does not expect the adoption to have a material impact on the company’s consolidated financial statements.

In December 2011, the FASB issued guidance related to disclosures about offsetting (netting) of assets and liabilities in the statement of financial position. The guidance requires entities to disclose gross information and net information about both instruments and transactions that are offset in the statement of financial position, and instruments and transactions subject to an agreement similar to a master netting arrangement. The scope includes financial instruments and derivative instruments. The disclosures are required for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. Disclosures required under the guidance shall be provided for all comparative periods presented. The company is currently assessing the impact of the guidance.

3. Comprehensive Income

Total comprehensive income is comprised of net earnings, net foreign currency translation adjustments, net unamortized pension and postretirement benefits adjustments, and net unrealized gains and losses on cash-flow hedges. Total comprehensive

income for the three-month periods ended January 29, 2012 and January 30, 2011 was $182 and $257, respectively. Total comprehensive income for the six-month periods ended January 29, 2012 and January 30, 2011 was $406 and $659.

The components of Accumulated other comprehensive income (loss) consisted of the following:

	January 29, 2012	July 31, 2011
Foreign currency translation adjustments, net of tax (1)	$299	$396
Cash-flow hedges, net of tax (2)	(11)	(20)
Unamortized pension and postretirement benefits, net of tax (3):		
Net actuarial loss	(778)	(809)
Prior service credit	5	6
Total Accumulated other comprehensive loss	$(485)	$(427)

(1) Includes a tax expense of $21 as of January 29, 2012, and $4 as of July 31, 2011. The amount related to noncontrolling interests was not material.
(2) Includes a tax benefit of $8 as of January 29, 2012, and $11 as of July 31, 2011.
(3) Includes a tax benefit of $442 as of January 29, 2012, and $459 as of July 31, 2011.

4. Goodwill and Intangible Assets

The following table shows the changes in the carrying amount of goodwill by business segment:

	U.S. Simple Meals	Global Baking and Snacking	International Simple Meals and Beverages	U.S. Beverages	North America Foodservice	Total
Balance at July 31, 2011	$322	$914	$639	$112	$146	$2,133
Foreign currency translation adjustment	—	(28)	(47)	—	—	(75)
Balance at January 29, 2012	$322	$886	$592	$112	$146	$2,058

The following table sets forth balance sheet information for intangible assets, excluding goodwill, subject to amortization and intangible assets not subject to amortization:

	January 29, 2012	July 31, 2011
Intangible Assets:		
Non-amortizable intangible assets	$499	$515
Amortizable intangible assets	21	21
	520	536
Accumulated amortization	(9)	(9)
Total net intangible assets	$511	$527

Non-amortizable intangible assets consist of trademarks, which mainly include Pace, Royco, Liebig, Blå Bland, and Touch of Taste.

Amortizable intangible assets consist substantially of process technology and customer intangibles. Amortization related to these assets was less than $1 for the six-month periods ended January 29, 2012, and January 30, 2011. The estimated aggregated amortization expense for each of the five succeeding fiscal years is less than $1 per year. Asset

useful lives range from ten to twenty years.

5. Business and Geographic Segment Information

The company reports the results of operations in the following reportable segments: U.S. Simple Meals; Global Baking and Snacking; International Simple Meals and Beverages; U.S. Beverages; and North America Foodservice. The company has

eleven operating segments based on product type and geographic location and has aggregated the operating segments into the appropriate reportable segment based on similar economic characteristics; products; production processes; types or classes of customers; distribution methods; and regulatory environment. The segments are discussed in greater detail below.

The U.S. Simple Meals segment aggregates the following operating segments: U.S. Soup and U.S. Sauces. The U.S. Soup retail business includes the following products: Campbell's condensed and ready-to-serve soups; and Swanson broth and stocks. The U.S. Sauces retail business includes the following products: Prego pasta sauce; Pace Mexican sauce; Swanson canned poultry; and Campbell's canned gravies, pasta and beans.

The Global Baking and Snacking segment aggregates the following operating segments: Pepperidge Farm cookies, crackers, bakery and frozen products in U.S. retail; and Arnott's biscuits in Australia and Asia Pacific.

The International Simple Meals and Beverages segment aggregates the simple meals and beverages operating segments outside of the United States, including Europe, Latin America, Asia Pacific, China and the retail business in Canada.

The U.S. Beverages segment represents the U.S. retail beverages business, including the following products: V8 juices and beverages; and Campbell's tomato juice.

The North America Foodservice segment represents the distribution of products such as soup, specialty entrees, beverage products, other prepared foods and Pepperidge Farm products through various food service channels in the United States and Canada.

The company's accounting policies for measuring segment assets and earnings before interest and taxes are substantially consistent with those described in the company's 2011 Annual Report on Form 10-K. The company evaluates segment performance before interest, taxes, and costs associated with restructuring activities. Beginning in 2012, unrealized gains and losses on commodity hedging activities are excluded from segment operating earnings and are recorded in Corporate expenses as these open positions represent hedges of future purchases. Upon closing of the contracts, the realized gain or loss is transferred to segment operating earnings, which allows the segments to reflect the economic effects of the hedge without exposure to quarterly volatility of unrealized gains and losses. In prior periods, unrealized gains and losses on commodity hedging activities were not material. The manufacturing, warehousing, distribution and selling activities of the company's U.S. retail business are operated as an integrated platform in order to maximize efficiency and productivity. As a result, assets and capital expenditures of the U.S. Simple Meals and U.S. Beverages segments are not discretely maintained. Depreciation expense associated with the integrated operations, however, is allocated to the U.S. Simple Meals and U.S. Beverages segments based on production hours. North America Foodservice products are principally produced by the tangible assets of the company's other segments, except for refrigerated soups, which are produced in a separate facility, and certain other products, which are produced under contract manufacturing agreements. Tangible assets of the company's other segments are not allocated to the North America Foodservice operations. Depreciation, however, is allocated to North America Foodservice based on production hours.

	Three Months Ended		Six Months Ended	
	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011
Net sales				
U.S. Simple Meals	$824	$842	$1,698	$1,740
Global Baking and Snacking	526	526	1,094	1,070
International Simple Meals and Beverages	402	421	761	793
U.S. Beverages	187	180	385	385
North America Foodservice	173	158	335	311
Total	$2,112	$2,127	$4,273	$4,299

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	Three Months Ended		Six Months Ended	
	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011
Earnings before interest and taxes				
U.S. Simple Meals	$174	$177	$434	$417
Global Baking and Snacking	71	81	159	181
International Simple Meals and Beverages	58	69	101	120
U.S. Beverages	34	43	64	98
North America Foodservice	28	21	55	44
Corporate(1)	(33)	(32)	(63)	(57)
Restructuring charges(2)	(3)	—	(5)	—
Total	$329	$359	$745	$803

(1) Represents unallocated corporate expenses.
(2) See Note 6 for additional information.

The company's global net sales based on product categories are as follows:

	Three Months Ended		Six Months Ended	
	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011
Net Sales				
Simple Meals	$1,323	$1,335	$2,633	$2,666
Baked Snacks	557	566	1,159	1,154
Beverages	232	226	481	479
Total	$2,112	$2,127	$4,273	$4,299

Simple Meals include condensed and ready-to-serve soups, broths and sauces. Baked Snacks include cookies, crackers, biscuits, and other baked products.

6. Restructuring Charges

On June 28, 2011, the company announced a series of initiatives to improve supply chain efficiency and reduce overhead costs across the organization to help fund plans to drive the growth of the business. The company also announced its intent to exit the Russian market. The company expects to eliminate approximately 750 positions in connection with these initiatives. Details of the plans include:

- In Australia, the company will invest in a new system to automate packing operations at its biscuit plant in Virginia. This investment will occur through the second quarter of 2013 and will result in the elimination of approximately 190 positions. Further, the company improved asset utilization in the U.S. by shifting production of ready-to-serve soups from Paris, Texas, to other facilities in 2012. In addition, the manufacturing facility in Marshall, Michigan, was closed in 2011, and manufacturing of Campbell's Soup at Hand microwavable products was consolidated at the Maxton, North Carolina, plant in 2012.
- The company streamlined its salaried workforce by approximately 510 positions around the world, including approximately 130 positions at its world headquarters in Camden, New Jersey. These actions were substantially completed in 2011. As part of this initiative, the company outsourced a larger portion of its U.S. retail merchandising activities to its current retail sales agent, Acosta Sales and Marketing, and eliminated approximately 190 positions. The company expects that this action will enhance merchandising effectiveness and coverage for its U.S. customers.
- In connection with exiting the Russian market, the company has eliminated approximately 50 positions. The exit process commenced in 2011 and will be substantially completed in 2012.

In the second quarter of 2012, the company recorded a restructuring charge of $3 ($2 after tax or $.01 per share) related to these initiatives, resulting in a year-to-date charge of $5 ($3 after tax or $.01 per share). In the fourth quarter of 2011, the company recorded a restructuring charge of $63 ($41 after tax or $.12 per share). A summary of the

pre-tax charges and remaining costs associated with the initiatives is as follows:

	Total Program	Recognized as of January 29, 2012	Remaining Costs to be Recognized
Severance pay and benefits	$42	$(39)	$3
Asset impairment/accelerated depreciation	23	(23)	—
Other exit costs	10	(6)	4
Total	$75	$(68)	$7

Of the aggregate $75 of pre-tax costs, the company expects approximately $50 will be cash expenditures, the majority of which will be spent in 2012. In addition, the company expects to invest approximately $40 in capital expenditures in connection with the actions. The initiatives are expected to be completed by the end of 2013.
A summary of the restructuring activity and related reserves associated with these initiatives at January 29, 2012 is as follows:

		Six Months Ended January 29, 2012			
	Accrued Balance at July 31, 2011	Charges	Cash Payments	Foreign Currency Translation Adjustment	Accrued Balance at January 29, 2012
Severance pay and benefits	$35	$2	$(15)	$ (1)	$21
Asset impairment/accelerated depreciation	—	1			
Other exit costs	4	2	(2)	—	4
Total	$39	$5	$(17)	$ (1)	$25

A summary of restructuring charges incurred to date associated with each segment is as follows:

	U.S. Simple Meals	Global Baking and Snacking	International Simple Meals and Beverages	U.S. Beverages	North America Foodservice	Corporate	Total
Severance pay and benefits	$10	$13	$ 10	$3	$1	$2	$39
Asset impairment/accelerated depreciation	20	—	3	—	—	—	23
Other exit costs	1	—	1	—	—	4	6
	$31	$13	$ 14	$3	$1	$6	$68

The company expects to incur additional pre-tax costs of approximately $7 by segment as follows: U.S. Simple Meals $2, Global Baking and Snacking $2, and International Simple Meals and Beverages $3. Segment operating results do not include restructuring charges as segment performance is evaluated excluding such charges.

7. Earnings per Share
The accounting guidance for earnings per share provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and

shall be included in the computation of earnings per share pursuant to the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings.

The computation of basic and diluted earnings per share attributable to common shareowners is as follows:

	Three Months Ended		Six Months Ended	
	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011
Net earnings attributable to Campbell Soup Company	$205	$239	$470	$518
Less: net earnings allocated to participating securities	(1)	(3)	(3)	(6)
Net earnings available to Campbell Soup Company common shareowners	$204	$236	$467	$512
Weighted average shares outstanding — basic	318	330	319	332
Effect of dilutive securities: stock options and other share-based payment awards	2	2	2	3
Weighted average shares outstanding — diluted	320	332	321	335
Net earnings attributable to Campbell Soup Company per common share:				
Basic	$.64	$.72	$1.46	$1.54
Diluted	$.64	$.71	$1.45	$1.53

There were no antidilutive stock options for the three-month and six-month periods ended January 29, 2012 and January 30, 2011.

8. Noncontrolling Interests

The company owns a 60% controlling interest in a joint venture formed with Swire Pacific Limited to support the development of the company's business in China. The joint venture began operations on January 31, 2011, the beginning of the third quarter of 2011.

The noncontrolling interest's share in the net loss was included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings.

The company owns a 70% controlling interest in a Malaysian food products manufacturing company. The earnings attributable to the noncontrolling interest have historically been less than $1 annually and were previously included in Other expense/(income) in the Consolidated Statements of Earnings. Beginning in the third quarter of 2011, the earnings attributable to the noncontrolling interest were included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings. The earnings were not material for the six-month period ended January 29, 2012.

The noncontrolling interests in these entities were included in Total equity in the Consolidated Balance Sheets and Consolidated Statements of Equity.

9. Pension and Postretirement Benefits

The company sponsors certain defined benefit pension plans and postretirement benefit plans for employees. Components of benefit expense were as follows:

	Three Months Ended				Six Months Ended			
	Pension		Postretirement		Pension		Postretirement	
	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011
Service cost	$13	$15	$1	$1	$27	$29	$2	$2
Interest cost	30	31	5	5	61	61	9	9
Expected return on plan assets	(44)	(45)	—	—	(89)	(89)	—	—
Amortization of prior service credit	—	—	(1)	(1)	—	—	(1)	(1)
Recognized net actuarial loss	19	17	2	2	37	35	4	4
Net periodic benefit expense	$18	$18	$7	$7	$36	$36	$14	$14

A contribution of $55 was made to U.S. pension plans and contributions of $8 were made to non-U.S. pension plans during the six-month period ended January 29, 2012. Additional contributions to U.S. pension plans are not expected this year. Contributions to non-U.S. pension plans are expected to be approximately $6 during the remainder of the year.

10. Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings, excluding the current portion of long-term debt, approximate fair value. The fair value of long-term debt, including the current portion of long-term debt in Short-term borrowings, was $2,678 at January 29, 2012 and $2,603 at July 31, 2011. The carrying value was $2,417 at January 29, 2012 and $2,427 at July 31, 2011. The fair value of long-term debt is based on quoted market prices or pricing models using current market rates.

The principal market risks to which the company is exposed are changes in foreign currency exchange rates, interest rates, and commodity prices. In addition, the company is exposed to equity price changes related to certain deferred compensation obligations. In order to manage these exposures, the company follows established risk management policies and procedures, including the use of derivative contracts such as swaps, forwards and commodity futures and option contracts. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The company’s derivative programs include both instruments that qualify and that do not qualify for hedge accounting treatment.

The company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The company minimizes the counterparty credit risk on these transactions by dealing only with leading, credit-worthy financial institutions having long-term credit ratings of “A” or better. In addition, the contracts are distributed among several financial institutions, thus minimizing credit-risk concentration. The company does not have credit-risk-related contingent features in its derivative instruments as of January 29, 2012.

Foreign Currency Exchange Risk

The company is exposed to foreign currency exchange risk related to its international operations, including non-functional currency intercompany debt and net investments in subsidiaries. The company is also exposed to foreign exchange risk as a result of transactions in currencies other than the functional currency of certain subsidiaries. Principal currencies hedged include the Australian dollar, Canadian dollar, euro, Swedish krona, New Zealand dollar, British pound and Japanese yen. The company utilizes foreign exchange forward purchase and sale contracts as well as cross-currency swaps to hedge these exposures. The contracts are either designated as cash-flow hedging instruments or are undesignated. The company typically hedges portions of its forecasted foreign currency transaction exposure with foreign exchange forward contracts for up to 18 months. To hedge currency exposures related to intercompany debt, cross-currency swap contracts are entered into for periods consistent with the underlying debt. As of January 29, 2012, cross-currency swap contracts mature in 2012 through 2015. The

notional amount of foreign exchange forward and cross-currency swap contracts accounted for as cash-flow hedges was $251 at January 29, 2012 and $287 at July 31, 2011. The effective portion of the changes in fair value on these instruments is recorded in other comprehensive income (loss) and is reclassified into the Consolidated Statements of Earnings on the same line item and the same period in which the underlying hedge transaction affects earnings. The notional amount of foreign exchange forward and cross-currency swap contracts that are not designated as accounting hedges was $838 and $861 at January 29, 2012 and July 31, 2011, respectively.

Interest Rate Risk

The company manages its exposure to changes in interest rates by optimizing the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps in order to maintain its variable-to-total debt ratio within targeted guidelines. Receive fixed rate/pay variable rate interest rate swaps are accounted for as fair-value hedges. The notional amount of outstanding fair-value interest rate swaps totaled $500 at January 29, 2012 and at July 31, 2011. These swaps mature in 2013 through 2014.

Commodity Price Risk

The company principally uses a combination of purchase orders and various short- and long-term supply arrangements in connection with the purchase of raw materials, including certain commodities and agricultural products. The company also enters into commodity futures and options contracts to reduce the volatility of price fluctuations of diesel fuel, wheat, soybean oil, aluminum, and natural gas, which impact the cost of raw materials. Commodity futures and option contracts are typically accounted for as cash-flow hedges or are not designated as accounting hedges. The company enters into commodity futures and option contracts to hedge a portion of commodity requirements for periods typically up to 12 months. The notional amount of commodity contracts accounted for as cash-flow hedges was $1 at January 29, 2012 and $6 at July 31, 2011. The notional amount of commodity contracts that are not designated as accounting hedges was $61 at January 29, 2012 and $81 at July 31, 2011.

Equity Price Risk

The company hedges a portion of exposures relating to certain deferred compensation obligations linked to the total return of the Standard & Poor’s 500 Index, the total return of the company’s capital stock and the total return of the Vanguard International Stock Index. Under these contracts, the company pays variable interest rates and receives from the counterparty either the total return of the Standard & Poor’s 500 Index, the total return on company capital stock, or the total return of the iShares MSCI EAFE Index, which is expected to approximate the total return of the Vanguard International Stock Index. These contracts were not designated as hedges for accounting purposes and are typically entered into for periods not exceeding 12 months. The notional amounts of the contracts as of January 29, 2012 and July 31, 2011 were $68 and $71, respectively.

The following table summarizes the fair value of derivative instruments recorded in the Consolidated Balance Sheets as of January 29, 2012, and July 31, 2011:

	Balance Sheet Classification	January 29, 2012	July 31, 2011
Asset Derivatives			
Derivatives designated as hedges:			
Foreign exchange forward contracts	Other current assets	$1	$—
Interest rate swaps	Other current assets	10	—
Interest rate swaps	Other assets	13	33
Total derivatives designated as hedges		$24	$33
Derivatives not designated as hedges:			
Foreign exchange forward contracts	Other current assets	$2	$—
Commodity derivative contracts	Other current assets	1	3
Deferred compensation derivative contracts	Other current assets	1	—
Cross-currency swap contracts	Other current assets	9	—
Cross-currency swap contracts	Other assets	9	1
Total derivatives not designated as hedges		$22	$4

Total asset derivatives	$46	$37

	Balance Sheet Classification	January 29, 2012	July 31, 2011
Liability Derivatives			
Derivatives designated as hedges:			
Foreign exchange forward contracts	Accrued liabilities	$1	$7
Cross-currency swap contracts	Accrued liabilities	—	8
Cross-currency swap contracts	Other liabilities	26	30
Total derivatives designated as hedges		$27	$45
Derivatives not designated as hedges:			
Foreign exchange forward contracts	Accrued liabilities	$—	$2
Commodity derivative contracts	Accrued liabilities	3	2
Cross-currency swap contracts	Accrued liabilities	10	17
Deferred compensation derivative contracts	Accrued liabilities	3	3
Cross-currency swap contracts	Other liabilities	58	74
Total derivatives not designated as hedges		$74	$98
Total liability derivatives		$101	$143

The following tables show the effect of the company’s derivative instruments designated as cash-flow hedges for the three- and six-month periods ended January 29, 2012 and January 30, 2011, in other comprehensive income (loss) (OCI) and the Consolidated Statements of Earnings:

Derivatives Designated as Cash-Flow Hedges

		Total Cash-Flow Hedge OCI Activity	
Three Months Ended January 29, 2012, and January 30, 2011		2012	2011
OCI derivative gain/(loss) at beginning of quarter		$(22)	$(27)
Effective portion of changes in fair value recognized in OCI:			
Foreign exchange forward contracts		(2)	—
Commodity contracts		—	3
Amount of (gain) or loss reclassified from OCI to earnings:	Location in Earnings		
Foreign exchange forward contracts	Other expenses/income	(1)	(1)
Foreign exchange forward contracts	Cost of products sold	5	—
Forward starting interest rate swaps	Interest expense	1	—
OCI derivative gain/(loss) at end of quarter		$(19)	$(25)

		Total Cash-Flow Hedge OCI Activity	
Six Months Ended January 29, 2012, and January 30, 2011		2012	2011
OCI derivative gain/(loss) at beginning of year		$(31)	$(28)
Effective portion of changes in fair value recognized in OCI:			
Foreign exchange forward contracts		5	(3)
Cross-currency swap contracts		(1)	—
Commodity contracts		—	3
Amount of (gain) or loss reclassified from OCI to earnings:	Location in Earnings		
Foreign exchange forward contracts	Cost of products sold	6	2
Forward starting interest rate swaps	Interest expense	2	1
OCI derivative gain/(loss) at end of quarter		$(19)	$(25)

Based on current valuations, the amount expected to be reclassified from OCI into earnings within the next 12 months is not material. The ineffective portion and amount excluded from effectiveness testing were not material.
The following tables show the effect of the company's derivative instruments designated as fair-value hedges in the Consolidated Statements of Earnings:

		Amount of Gain or (Loss) Recognized in Earnings on Derivatives		Amount of Gain or (Loss) Recognized in Earnings on Hedged Item	
Derivatives Designated as Fair-Value Hedges	Location of Gain or (Loss) Recognized in Earnings	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011
Three Months Ended					
Interest rate swaps	Interest expense	$(5)	$(8)	$5	$8
Six Months Ended					
Interest rate swaps	Interest expense	$(10)	$(7)	$10	$7

The following table shows the effects of the company's derivative instruments not designated as hedges in the Consolidated Statements of Earnings:

		Amount of Gain or (Loss) Recognized in Earnings on Derivatives			
		Three Months Ended		Six Months Ended	
Derivatives not Designated as Hedges	Location of Gain or(Loss) Recognized in Earnings	January 29, 2012	January 30, 2011	January 29, 2012	January 30, 2011
Foreign exchange forward contracts	Other expenses/income	$1	$(1)	$1	$(1)

Foreign exchange forward contracts	Cost of products sold	3	(1)	4	(1)
Cross-currency swap contracts	Other expenses/income	16	(1)	39	(39)
Commodity derivative contracts	Cost of products sold	(2)	8	(7)	9
Deferred compensation derivative contracts	Administrative expenses	(2)	—	(1)	2
Total		$16	$5	$36	$(30)

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11. Fair Value Measurements

The company is required to categorize financial assets and liabilities based on the following fair value hierarchy:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with observable market data.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. When available, the company uses unadjusted quoted market prices to measure the fair value and classifies such items as Level 1. If quoted market prices are not available, the company bases fair value upon internally developed models that use current market-based or independently sourced market parameters such as interest rates and currency rates.

The following table presents the company's financial assets and liabilities that are measured at fair value on a recurring basis as of January 29, 2012, and July 31, 2011, consistent with the fair value hierarchy:

	Fair Value as of January 29, 2012	Fair Value Measurements at January 29, 2012 Using Fair Value Hierarchy			Fair Value as of July 31, 2011	Fair Value Measurements at July 31, 2011 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Interest rate swaps(1)	$23	$—	$23	$—	$33	$—	$33	$—
Foreign exchange forward contracts(2)	3	—	3	—	—	—	—	—
Cross-currency swap contracts(3)	18	—	18	—	1	—	1	—
Deferred compensation derivative contracts(4)	1	—	1	—	—	—	—	—
Commodity derivative contracts(5)	1	1	—	—	3	3	—	—
Total assets at fair value	$46	$1	$45	$—	$37	$3	$34	$—

	Fair Value as of January 29, 2012	Fair Value Measurements at January 29, 2012 Using Fair Value Hierarchy			Fair Value as of July 31, 2011	Fair Value Measurements at July 31, 2011 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Liabilities								
Foreign exchange forward contracts(2)	$1	$—	$1	$—	$9	$—	$9	$—
Cross-currency swap contracts(3)	94	—	94	—	129	—	129	—
Deferred compensation derivative contracts(4)	3	—	3	—	3	—	3	—
Commodity derivative contracts(5)	3	3	—	—	2	2	—	—
Deferred compensation obligation(6)	153	101	52	—	144	97	47	—
Total liabilities at fair value	$254	$104	$150	$—	$287	$99	$188	$—

(1) Based on LIBOR swap rates.
(2) Based on observable market transactions of spot currency rates and forward rates.
(3) Based on observable local benchmarks for currency and interest rates.
(4) Based on LIBOR and equity index swap rates.
(5) Based on quoted futures exchanges.
(6) Based on the fair value of the participants' investments.

12. Share Repurchase Programs

In June 2011, the Board authorized the purchase of up to $1,000 of company stock. This program has no expiration date. In addition to this publicly announced program, the company repurchases shares to offset the impact of dilution from shares issued under the company's stock compensation plans.

During the six-month period ended January 29, 2012, the company repurchased 5 million shares at a cost of $173. Of this amount, $115 was used to repurchase shares pursuant to the company's June 2011 publicly announced share repurchase program. Approximately $885 remains available under this program as of January 29, 2012.

During the six-month period ended January 30, 2011, the company repurchased 16 million shares at a cost of $573. Of this amount, $456 was used to repurchase shares pursuant to the company's June 2008 publicly announced share repurchase program, which was completed in the fourth quarter of 2011.

13. Stock-based Compensation

The company provides compensation benefits by issuing unrestricted stock, restricted stock and restricted stock units (including time-lapse restricted stock units, EPS performance restricted stock units, total shareowner return (TSR) performance restricted stock units and strategic performance restricted stock units). In fiscal 2012, the company issued time-lapse restricted stock units, EPS performance restricted stock units and, for the first time, strategic performance restricted stock units. The company did not issue TSR performance restricted stock units in fiscal 2012.

Awards of the strategic performance restricted stock units will be earned based upon the achievement of two key metrics, net sales and EPS growth, compared to strategic plan objectives during a two-year period. A recipient of strategic performance restricted stock units may earn a total award ranging from 0% to 200% of the initial grant. In previous fiscal years, the company also issued stock options and stock appreciation rights.

Total pre-tax stock-based compensation expense recognized in the Consolidated Statements of Earnings was $23 and $25 for the three-month periods ended January 29, 2012, and January 30, 2011, respectively. Tax-related benefits of $9 were also recognized for each of the three-month periods ended January 29, 2012, and January 30, 2011. Total pre-tax stock-based compensation expense recognized in the Consolidated Statements of Earnings was $45 and $46 for the six-month periods ended January 29, 2012, and January 30, 2011, respectively. Tax-related benefits of $17 were also recognized for each of the six-month periods ended January 29, 2012, and January 30, 2011. Cash received from the exercise of stock options was $23

and $38 for the six-month periods ended January 29, 2012, and January 30, 2011, respectively, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.
The following table summarizes stock option activity as of January 29, 2012:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
	(Options in thousands)		(In years)	
Outstanding at July 31, 2011	8,706	$26.23		
Granted	—	$—		
Exercised	(845)	$27.30		
Terminated	(70)	$26.63		
Outstanding at January 29, 2012	7,791	$26.11	1.9	$41
Exercisable at January 29, 2012	7,791	$26.11	1.9	$41

The total intrinsic value of options exercised during the six-month periods ended January 29, 2012, and January 30, 2011, was $4 and $14, respectively. As of January 2009, compensation related to stock options was fully expensed. The company measured the fair value of stock options using the Black-Scholes option pricing model.
The following table summarizes time-lapse restricted stock units, EPS performance restricted stock units and strategic performance restricted stock units as of January 29, 2012:

	Units	Weighted-Average Grant-Date Fair Value
	(Restricted stock units in thousands)	
Nonvested at July 31, 2011	2,710	$35.11
Granted	2,611	$32.38
Vested	(1,133)	$35.80
Forfeited	(156)	$33.39
Nonvested at January 29, 2012	4,032	$33.21

The fair value of time-lapse restricted stock units, EPS performance restricted stock units, and strategic performance restricted stock units is determined based on the quoted price of the company’s stock at the date of grant. Time-lapse restricted stock units are expensed on a straight-line basis over the vesting period, except for awards issued to retirement-eligible participants, which are expensed on an accelerated basis. EPS performance restricted stock units are expensed on a graded-vesting basis, except for awards issued to retirement-eligible participants, which are expensed on an accelerated basis. There were approximately 300 thousand EPS performance target grants outstanding at January 29, 2012 with a weighted-average grant-date fair value of $33.56. Strategic performance restricted stock units are expensed on a straight-line basis over the service period. There were approximately 1.32 million strategic performance target grants outstanding at January 29, 2012 with a grant-date fair value of $32.37. The actual number of EPS performance restricted stock units and strategic performance restricted stock units issued at the vesting date could range from 0% to 100% and 0% to 200%, respectively, of the initial grant, depending on actual performance achieved. Expense is estimated based on the number of awards expected to vest.

On July 1, 2011, the company issued approximately 400 thousand special retention time-lapse restricted stock units to certain executives to support successful execution of the company's shift in strategic direction and leadership transition. These awards vest over a two-year period and are included in the table above. The grant-date fair value was $34.65.

As of January 29, 2012, total remaining unearned compensation related to nonvested time-lapse restricted stock units, EPS performance restricted stock units and strategic performance restricted stock units was $91, which will be amortized over the weighted-average remaining service period of 1.7 years. The fair value of restricted stock units vested during the six-month periods ended January 29, 2012, and January 30, 2011, was $37 and $39, respectively. The weighted-average grant-date fair value of the restricted stock units granted during the six-month period ended January 30, 2011, was $36.08.

The following table summarizes TSR performance restricted stock units as of January 29, 2012:

	Units	Weighted-Average Grant-Date Fair Value
	(Restricted stock units in thousands)	
Nonvested at July 31, 2011	3,431	$40.78
Granted	—	$—
Vested	—	$—
Forfeited	(1,258)	$45.62
Nonvested at January 29, 2012	2,173	$37.98

The company estimated the fair value of TSR performance restricted stock units at the grant date using a Monte Carlo simulation. Assumptions used in the 2011 Monte Carlo simulation were as follows:

	2011	
Risk-free interest rate	0.59	%
Expected dividend yield	3.00	%
Expected volatility	23.71	%
Expected term	3	yrs.

Compensation expense is recognized on a straight-line basis over the service period. As of January 29, 2012, total remaining unearned compensation related to TSR performance restricted stock units was $32, which will be amortized over the weighted-average remaining service period of 1.4 years. In the first quarter of 2012, recipients of TSR performance restricted stock units earned 0% of the initial grants based upon the company's TSR ranking in a performance peer group during a three-year period ended July 29, 2011. The total fair value of TSR performance restricted stock units vested during the six-month period ended January 30, 2011, was $38. The grant-date fair value of TSR performance restricted stock units granted during the six-month period ended January 30, 2011, was $43.18. There were no TSR performance restricted stock units granted during the six-month period ended January 29, 2012.

Prior to fiscal 2009, employees could elect to defer all types of restricted stock awards. These awards were classified as liabilities because of the possibility that they may be settled in cash. The fair value is adjusted quarterly. As of January 2011 these awards were fully vested. Total cash paid to settle the liabilities during the six-month period ended January 30, 2011, was not material.

The excess tax benefits on the exercise of stock options and vested restricted stock presented as cash flows from financing activities were not material for the six-month period ended January 29, 2012 and were $6 for the six-month period ended January 30, 2011.

14. Inventories

	January 29, 2012	July 31, 2011
Raw materials, containers and supplies	$297	$261
Finished products	449	506
	$746	$767

15. Supplemental Cash Flow Information

Other cash used in operating activities for the six-month periods was comprised of the following:

	January 29, 2012	January 30, 2011
Benefit related payments	$(20)	$(15)
Other	(1)	(8)
	$(21)	$(23)

Item 2.
CAMPBELL SOUP COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Description of the Company

Campbell Soup Company is a global manufacturer and marketer of high-quality, branded convenience food products. The company reports the results of operations in the following reportable segments: U.S. Simple Meals; Global Baking and Snacking; International Simple Meals and Beverages; U.S. Beverages; and North America Foodservice.

Executive Summary

This Executive Summary provides significant highlights from the discussion and analysis that follows.

- Net sales decreased 1% in the quarter to $2.112 billion.
- Gross profit, as a percent of sales, decreased to 38.4% in the current quarter from 39.4% a year ago.
- Net earnings per share for the quarter were $.64, a decline of 10% from a year ago.

Net earnings attributable to Campbell Soup Company

Net earnings and net earnings per share were impacted by restructuring charges in 2012. In 2011, the company announced a series of initiatives to improve supply chain efficiency and reduce overhead costs across the organization to help fund plans to drive the growth of the business. The company also announced its intent to close its office in Moscow and exit the Russian market. In the second quarter of 2012, the company recorded pre-tax restructuring charges of $3 million ($2 million after tax or $.01 per share) related to the initiatives. The year-to-date impact was $5 million ($3 million after tax or $.01 per share).

Net earnings were $205 million ($.64 per share) in the quarter ended January 29, 2012 compared to $239 million ($.71 per share) in the year-ago quarter. The decline in net earnings and earnings per share was primarily due to cost inflation, lower sales volumes and a higher effective tax rate, partially offset by higher selling prices and productivity improvements. Earnings per share benefited from a reduction in the weighted average diluted shares outstanding, which was primarily due to share repurchases under the company's strategic share repurchase programs.

Net earnings were $470 million ($1.45 per share) for the six months ended January 29, 2012, compared to $518 million ($1.53 per share) for the year-ago period. The decline was primarily due to cost inflation, lower sales volumes and a higher effective tax rate, partly offset by higher selling prices and productivity improvements. Earnings per share benefited from a reduction in the weighted average diluted shares outstanding, which was primarily due to share repurchases under the company's strategic share repurchase programs.

Net earnings (loss) attributable to noncontrolling interests

The company owns a 60% controlling interest in a joint venture formed with Swire Pacific Limited to support the development of the company's business in China. The joint venture began operations on January 31, 2011, the beginning of the third quarter of 2011. The noncontrolling interest's share in the net loss was included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings.

The company also owns a 70% controlling interest in a Malaysian food products manufacturing company. Historically, the earnings attributable to the noncontrolling interest were less than $1 million annually and were previously included in Other expenses/(income) in the Consolidated Statements of Earnings. Beginning in the third quarter of 2011, the earnings attributable to the noncontrolling interest were included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings. The earnings were not material for the six-month period ended January 29, 2012.

SECOND-QUARTER DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

	2012	2011	% Change
	(Millions)		
U.S. Simple Meals	$824	$842	(2)%
Global Baking and Snacking	526	526	—
International Simple Meals and Beverages	402	421	(5)
U.S. Beverages	187	180	4
North America Foodservice	173	158	9
	$2,112	$2,127	(1)%

An analysis of percent change of net sales by reportable segment follows:

	U.S. Simple Meals	Global Baking and Snacking	International Simple Meals and Beverages	U.S. Beverages	North America Foodservice	Total
Volume and Mix	(5)%	(4)%	(5)%	2 %	7 %	(3)%
Price and Sales Allowances	3	5	2	1	2	3
(Increased)/Decreased Promotional Spending (1)	—	(2)	(1)	1	—	(1)
Currency	—	1	(1)	—	—	—
	(2)%	— %	(5)%	4 %	9 %	(1)%

(1) Represents revenue reductions from trade promotion and consumer coupon redemption programs.

In U.S. Simple Meals, sales declined 2%, reflecting decreases in U.S. Soup and U.S. Sauces. U.S. Soup sales decreased 2% as volume performance was impacted by higher selling prices and decreased promotional spending. The U.S. Soup sales performance was better than retail consumer takeaway, based on IRI panel data and company estimates, reflecting the impact of movements in customer inventory levels relative to the prior year. Further details of U.S. Soup include:

- Sales of Campbell’s condensed soups increased 5%, with increases in both cooking and eating varieties. Sales of cooking varieties benefited from a strong holiday period in 2012.
- Sales of ready-to-serve soups decreased 12% as the benefit of higher selling prices and lower promotional spending was more than offset by lower volumes. The introduction of Campbell’s Slow Kettle soups positively impacted sales performance in the current quarter.
- Broth sales increased 3%, reflecting volume gains in aseptically packaged broths and the benefit of new items, including Swanson Flavor Boost.

U.S. Sauces sales decreased 2%. Sales of Prego pasta sauce increased 6% as increased advertising support and promotional activity drove strong volume gains. Sales of Pace Mexican sauce decreased 7% reflecting the impact of increased private label competitive activity. Sales of other simple meal products declined.

In Global Baking and Snacking, sales were $526 million, comparable to the prior-year quarter. Sales at Pepperidge Farm increased slightly as the benefit of higher selling prices was mostly offset by lower volumes and higher promotional costs. Within Pepperidge Farm, sales of cookies and crackers increased, led by double-digit growth in Goldfish snack crackers, partly offset by declines in cookies. Pepperidge Farm bakery sales decreased slightly. Excluding the favorable impact of currency, sales at Arnott's declined primarily due to the impact of increased promotional spending and lower volumes, partly offset by higher selling prices. The volume performance was

negatively impacted by an increase in promoted and non-promoted price points at retail and a weak consumer environment in Australia. Within the segment, promotional spending was increased to be more competitive.

In International Simple Meals and Beverages, sales decreased 5% primarily due to sales performance in Europe and Canada, partially offset by gains in the Asia Pacific region and Latin America. In Europe, sales decreased primarily due to volume declines in France and Germany. In Canada, sales decreased due to declines in soup and the impact of currency. In Asia Pacific, sales increased due to the impact of currency and growth in Japan and Malaysia, partially offset by declines in soup in Australia.

In U.S. Beverages, sales increased 4%. Sales gains were driven by growth in V8 Splash juice drinks and V8 V-Fusion juices, partly offset by a decline in V8 vegetable juice. Sales benefited from the launch of new items, including V8 V-Fusion Smoothies, and higher levels of advertising.

In North America Foodservice, sales increased 9% primarily due to volume-driven gains in fresh chilled soup sold at retail.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, decreased by $27 million in 2012. As a percent of sales, gross profit decreased from 39.4% in 2011 to 38.4% in 2012. The 1.0 percentage-point decrease was due to the following factors:

	Margin Impact
Cost inflation and other factors	(4.1)
Mix	(0.4)
Higher level of promotional spending	(0.4)
Higher selling prices	2.2
Productivity improvements	1.7
	(1.0)

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 14.1% in 2012 and 13.7% in 2011. Marketing and selling expenses increased 2% in 2012 from 2011. The increase was primarily due to higher advertising and consumer promotion expenses (approximately 3 percentage points), partly offset by lower selling expenses (approximately 1 percentage point). Advertising and consumer promotion expenses increased 6% in 2012 from 2011, reflecting brand-building investments across many key brands.

Administrative Expenses

Administrative expenses as a percent of sales were 7.2% in 2012 and in 2011. Administrative expenses decreased by 1% in 2012 from 2011, reflecting the benefit of cost savings primarily from restructuring initiatives and other factors (approximately 6 percentage points), partially offset by higher incentive compensation and benefit costs (approximately 5 percentage points).

Operating Earnings

Segment operating earnings decreased 7% in 2012 from 2011.

An analysis of operating earnings by segment follows:

	2012	2011	% Change
	(Millions)		
U.S. Simple Meals	$174	$177	(2)%
Global Baking and Snacking	71	81	(12)
International Simple Meals and Beverages	58	69	(16)
U.S. Beverages	34	43	(21)
North America Foodservice	28	21	33
	365	391	(7)%
Corporate	(33)	(32)	

Restructuring charges	(3	) —
	$329	$359

Earnings from U.S. Simple Meals decreased 2%. For the segment, lower volumes and increased advertising and consumer promotion expenses were partly offset by an increase in gross margin percentage, and lower selling and administrative expenses. The decrease in operating earnings reflected lower earnings in U.S. Sauces, including incremental spending on innovation, partly offset by earnings gains in U.S. Soup, reflecting improved price realization. In 2012, the company reduced the level of promotional spending while increasing reliance on advertising and other brand-building initiatives.

Earnings from Global Baking and Snacking decreased 12% reflecting decreases in both Pepperidge Farm and Arnott's primarily due to cost inflation and increased promotional spending, partly offset by higher selling prices. Promotional spending was increased to support the businesses.

Earnings from International Simple Meals and Beverages decreased 16%. The decrease in operating earnings was primarily due to increased costs associated with the company's market expansion in China, and lower earnings in Europe and Canada.

Earnings from U.S. Beverages decreased 21% reflecting significant cost inflation, primarily in juice concentrates and packaging materials, and increased advertising expense, partly offset by productivity improvements.

Earnings from North America Foodservice increased 33%. The increase in operating earnings was primarily driven by volume gains, higher selling prices, and productivity improvements, partly offset by cost inflation.

Interest Expense/Income

Interest expense decreased to $28 million from $34 million in the prior year, primarily due to lower interest rates on fixed-rate debt and lower levels of fixed-rate debt.

Taxes on Earnings

The effective tax rate was 33.7% for the current quarter compared to 27.1% in the year-ago quarter. The increase in the rate was primarily due to lower taxes on foreign earnings in the prior year.

SIX-MONTH DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

	2012	2011	% Change
	(Millions)		
U.S. Simple Meals	$1,698	$1,740	(2)%
Global Baking and Snacking	1,094	1,070	2
International Simple Meals and Beverages	761	793	(4)
U.S. Beverages	385	385	—
North America Foodservice	335	311	8
	$4,273	$4,299	(1)%

An analysis of percent change of net sales by reportable segment follows:

	U.S. Simple Meals	Global Baking and Snacking	International Simple Meals and Beverages	U.S. Beverages	North America Foodservice	Total
Volume and Mix	(6)%	(4)%	(7)%	2 %	5 %	(4)%
Price and Sales Allowances	4	5	2	—	3	3
Increased Promotional Spending (1)	—	(1)	—	(2)	—	(1)
Currency	—	2	1	—	—	1
	(2)%	2 %	(4)%	— %	8 %	(1)%

(1) Represents revenue reductions from trade promotion and consumer coupon redemption programs.

In U.S. Simple Meals, sales decreased 2%, reflecting a decline in U.S. Soup, partially offset by growth in U.S. Sauces. U.S. Soup sales decreased 3% as lower volumes were partially offset by higher selling prices and lower promotional spending. Promotional spending was reduced in the current year to improve price realization, partly offset by an increase in support of new products. Further details of U.S. Soup include:

- Sales of Campbell's condensed soups were comparable to the prior-year period.
- Sales of ready-to-serve soups decreased 11%. Ready-to-serve soup volumes were especially impacted by the company's shift to improve price realization through higher selling prices and reduced promotional spending. The introduction of Campbell's Slow Kettle soups positively impacted sales performance for the year.
- Broth sales increased 4%, reflecting volume gains, primarily due to a strong holiday performance and the benefit from new item launches.

U.S. Sauces sales increased 1%. Sales of Prego pasta sauce increased 4% due to volume-driven sales gains, partially offset by increased promotional spending. Sales of Pace Mexican sauce declined 5% reflecting the impact of increased private label competitive activity. In U.S. Sauces, promotional spending increased to improve marketplace performance.

In Global Baking and Snacking, sales increased 2% primarily due to the impact of currency. Sales at Pepperidge Farm increased, reflecting an increase in cracker sales, driven by growth in Goldfish snack crackers and the launch of Cracker Chips in 2011, partly offset by declines in cookie sales. Excluding the impact of currency, sales at Arnott's declined primarily due to lower volumes. The volume performance was negatively impacted by an increase in promoted and non-promoted price points at retail, and a weak consumer environment in Australia.

In International Simple Meals and Beverages, sales decreased 4%, primarily due to sales performance in Canada and Europe. In Canada, sales decreased due to volume-driven declines in soup. In Europe, sales decreased primarily due to volume declines in France and Germany, partially offset by gains in Belgium.

In U.S. Beverages, sales were comparable to the prior year. Sales of both V8 Splash juice drinks and V8 V-Fusion juice increased, while sales of V8 vegetable juice declined. Sales of V8 V-Fusion juice benefited from new product launches. In response to intensified competition and new entrants in both 100-percent vegetable juice and fruit and vegetable blends, the company increased promotional spending, primarily on V8 V-Fusion juice.

In North America Foodservice, sales increased 8% primarily due to volume-driven gains in fresh chilled soup sold at retail.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, decreased by $67 million in 2012. As a percent of sales, gross profit decreased from 40.3% in 2011 to 39.0% in 2012. The 1.3-percentage-point decrease was due to the following factors:

	Margin Impact
Cost inflation and other factors	(4.2)
Mix	(0.7)
Higher level of promotional spending	(0.3)
Higher selling prices	2.1
Productivity improvements	1.8
	(1.3)

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 13.1% in 2012 and 13.2% in 2011. Marketing and selling expenses decreased 2% in 2012 from 2011. The decrease was primarily due to lower advertising and consumer promotion expenses (approximately 1 percentage point); lower selling expenses (approximately 1 percentage point); and lower other marketing expenses (approximately 1 percentage point); partially offset by the impact of currency (approximately 1 percentage point). Advertising and consumer promotion expenses are expected to increase in the

remainder of 2012.

Administrative Expenses

Administrative expenses as a percent of sales were 7.0% in 2012 and 6.8% in 2011. Administrative expenses increased by 1% in 2012 from 2011, primarily due to higher incentive compensation and benefit costs (approximately 5 percentage points); and the impact of currency (approximately 1 percentage point); partially offset by the benefit of cost savings primarily from

restructuring initiatives and other factors (approximately 5 percentage points).

Operating Earnings

Segment operating earnings decreased 5% in 2012 from 2011.

An analysis of operating earnings by segment follows:

	2012	2011	% Change
	(Millions)		
U.S. Simple Meals	$434	$417	4 %
Global Baking and Snacking	159	181	(12)
International Simple Meals and Beverages	101	120	(16)
U.S. Beverages	64	98	(35)
North America Foodservice	55	44	25
	813	860	(5)%
Corporate	(63)	(57)	
Restructuring charges	(5)	—	
	$745	$803	

Earnings from U.S. Simple Meals increased 4%. The increase in operating earnings, driven primarily by improved earnings performance in U.S. Soup, was due to higher selling prices, productivity improvements and lower promotional spending, partially offset by lower volumes and cost inflation.

Earnings from Global Baking and Snacking decreased 12% primarily due to cost inflation, increased promotional spending and lower volumes, partially offset by higher selling prices and productivity improvements.

Earnings from International Simple Meals and Beverages decreased 16%. The decrease in operating earnings was primarily due to declines in Canada and increased costs associated with the company's market expansion in China.

Earnings from U.S. Beverages decreased 35%, primarily due to cost inflation, increased promotional spending and advertising, partly offset by productivity improvements.

Earnings from North America Foodservice increased 25%. The increase in operating earnings was primarily driven by higher selling prices, volume gains, and productivity improvements, partly offset by cost inflation.

Corporate expenses increased to $63 million in the year from $57 million a year ago, primarily due to losses on open commodity hedge positions and higher incentive compensation costs. Beginning in 2012, unrealized gains and losses on commodity hedging activities are excluded from segment operating earnings and are recorded in Corporate expenses as these open positions represent hedges of future purchases. Upon closing of the contracts, the realized gain or loss is transferred to segment operating earnings, which allows the segments to reflect the economic effects of the hedge without exposure to quarterly volatility of unrealized gains and losses. In prior periods, unrealized gains and losses on commodity hedging activities were not material.

Interest Expense/Income

Interest expense decreased to $58 million from $66 million in the prior year, primarily due to lower interest rates on fixed-rate debt and lower levels of fixed rate-debt.

Taxes on Earnings

The effective tax rate was 32.9% for the current period compared to 30.2% for the year-ago period. The increase in the rate was primarily due to lower taxes on foreign earnings in the prior year.

Restructuring Charges

On June 28, 2011, the company announced a series of initiatives to improve supply chain efficiency and reduce overhead costs across the organization to help fund plans to drive the growth of the business. The company also announced its intent to exit the Russian market. The company expects to eliminate approximately 750 positions in connection with these initiatives. Details of the plans include:

- In Australia, the company will invest in a new system to automate packing operations at its biscuit plant in Virginia. This investment will occur through the second quarter of 2013 and will result in the elimination of approximately 190

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positions. Further, the company improved asset utilization in the U.S. by shifting production of ready-to-serve soups from Paris, Texas, to other facilities in 2012. In addition, the manufacturing facility in Marshall, Michigan, was closed in 2011, and manufacturing of Campbell's Soup at Hand microwavable products was consolidated at the Maxton, North Carolina, plant in 2012.

- The company streamlined its salaried workforce by approximately 510 positions around the world, including approximately 130 positions at its world headquarters in Camden, New Jersey. These actions were substantially completed in 2011. As part of this initiative, the company outsourced a larger portion of its U.S. retail merchandising activities to its current retail sales agent, Acosta Sales and Marketing, and eliminated approximately 190 positions. The company expects that this action will enhance merchandising effectiveness and coverage for its U.S. customers.
- In connection with exiting the Russian market, the company has eliminated approximately 50 positions. The exit process commenced in 2011 and will be substantially completed in 2012.

In the second quarter of 2012, the company recorded a restructuring charge of $3 million ($2 million after tax or $.01 per share) related to these initiatives, resulting in a year-to-date charge of $5 million ($3 million after tax or $.01 per share). In the fourth quarter of 2011, the company recorded a restructuring charge of $63 million ($41 million after tax or $.12 per share). A summary of the pre-tax charges and remaining costs associated with the initiatives is as follows:

(Millions)	Total Program	Recognized as of January 29, 2012	Remaining Costs to be Recognized
Severance pay and benefits	$42	$(39)	$3
Asset impairment/accelerated depreciation	23	(23)	—
Other exit costs	10	(6)	4
Total	$75	$(68)	$7

Of the aggregate $75 million of pre-tax costs, the company expects approximately $50 million will be cash expenditures, the majority of which will be spent in 2012. In addition, the company expects to invest approximately $40 million in capital expenditures in connection with the actions. The cash outflows related to these programs are not expected to have a material adverse impact on the company's liquidity. The initiatives are expected to be completed by the end of 2013. See also Note 6 to the Consolidated Financial Statements.

The initiatives included in this program are expected to generate annual pre-tax cash savings of approximately $60 million beginning in 2012 and increasing to approximately $70 million in 2014.

The total pre-tax costs of $75 million associated with each segment are expected to be as follows: U.S. Simple Meals $33 million, Global Baking and Snacking $15 million, International Simple Meals and Beverages $17 million, U.S. Beverages $3 million, North America Foodservice $1 million, and Corporate $6 million. Segment operating results do not include restructuring charges as segment performance is evaluated excluding such charges.

LIQUIDITY AND CAPITAL RESOURCES

The company expects that foreseeable liquidity and capital resource requirements, including cash outflows to repurchase shares, pay dividends and fund pension plan contributions, will be met through anticipated cash flows from operations; long-term borrowings under its shelf registration statement; short-term borrowings, including commercial paper; and cash and cash equivalents. The company believes that its sources of financing will be adequate to meet its future liquidity and capital resource requirements.

The company generated cash from operations of $478 million in 2012, compared to $483 million last year. The decline was primarily due to lower cash earnings, partially offset by the benefit of lower pension contributions in 2012.

Capital expenditures were $97 million in 2012 compared to $74 million a year ago. Capital expenditures in 2012 included the packing automation and capacity expansion projects at one of the company's Australian biscuit plants (approximately $11 million), an advanced planning system in North America (approximately $7 million), capacity

expansion at Pepperidge Farm (approximately $4 million), the ongoing initiative to simplify the soup-making process in North America (also known as the soup common platform initiative) (approximately $2 million), continued enhancement of the company’s corporate headquarters (approximately $6 million), and Pepperidge Farm's 34,000-square-foot innovation center (approximately $2 million). Capital expenditures are expected to total approximately $325 million in 2012.

Excluding shares owned and tendered by employees to satisfy tax withholding requirements on the vesting of restricted shares and for stock option exercises, the company repurchased approximately 5 million shares at a cost of $173 million during

the six-month period ended January 29, 2012 and approximately 16 million shares at a cost of $573 million during the six-month period ended January 30, 2011. In the current year, approximately $115 million was used to repurchase shares pursuant to the company's June 2011 publicly announced share repurchase program. Approximately $885 million remains available under the June 2011 repurchase program as of January 29, 2012. Approximately $456 million was used in the prior-year period to repurchase shares pursuant to the company's June 2008 publicly announced share repurchase program, which was completed in the fourth quarter of 2011. In addition to the publicly announced share repurchase programs, the company also purchased shares to offset the impact of dilution from shares issued under the company's stock compensation plans. The company expects to continue this practice in the future. See "Unregistered Sales of Equity Securities and Use of Proceeds" for more information.

At January 29, 2012, the company had $870 million of short-term borrowings due within one year and $45 million of standby letters of credit issued on behalf of the company. The company has committed revolving credit facilities totaling $2.0 billion. The facilities are comprised of a $1.5 billion facility that matures in September 2016, and a $500 million, 364-day facility that contains a one-year term-out feature. The facilities remained unused at January 29, 2012, except for $3 million of standby letters of credit issued on behalf of the company. These revolving credit agreements support the company's commercial paper programs and other general corporate purposes.

In November 2011, the company filed a registration statement with the Securities and Exchange Commission that registered an indeterminate amount of debt securities. This registration statement replaces the 2008 registration statement, which expired in November 2011. Under the registration statement, the company may issue debt securities, depending on market conditions.

The company is in compliance with the covenants contained in its revolving credit facilities and debt securities.

SIGNIFICANT ACCOUNTING ESTIMATES

The consolidated financial statements of the company are prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. The significant accounting policies of the company are described in Note 1 to the Consolidated Financial Statements. The significant accounting estimates are described in Management's Discussion and Analysis included in the 2011 Annual Report on Form 10-K. The impact of new accounting standards is discussed in the following section. There have been no other changes in the company's accounting policies in the current period that had a material impact on the company's consolidated financial condition or results of operation.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2010, the Financial Accounting Standards Board (FASB) issued additional authoritative guidance related to fair value measurements and disclosures. The guidance requires a roll forward, separately presenting information about purchases, sales, issuances and settlements on a gross basis, rather than net, of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The company adopted the guidance in the first quarter of 2012. The adoption did not have a material impact on the consolidated financial statements.

In November 2010, the FASB issued additional authoritative guidance clarifying the required disclosures of supplementary pro forma information for business combinations. The guidance is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010.

In December 2010, the FASB issued additional authoritative guidance on accounting for goodwill. The guidance clarifies the impairment test for reporting units with zero or negative carrying amounts. The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2011. The company does not expect the adoption to have a material impact on the company's consolidated financial statements.

In May 2011, the FASB issued further additional authoritative guidance related to fair value measurements and disclosures. The new guidance results in a consistent definition of fair value and common requirements for

measurement of and disclosure about fair value between accounting principles generally accepted in the United States (U.S. GAAP) and International Financial Reporting Standards (IFRS). The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2011. The company is currently assessing the impact of the guidance.

In June 2011, the FASB issued authoritative guidance requiring entities to present net income and other comprehensive income (OCI) in one continuous statement or two separate, but consecutive, statements of net income and comprehensive income. The option to present items of OCI in the statement of changes in equity has been eliminated. In December 2011, the FASB issued an amendment to defer indefinitely a requirement in the June 2011 standard that called for reclassification adjustments from accumulated other comprehensive income to be measured and presented by income statement line item in net

income and also in OCI. The new requirements are effective for annual reporting periods beginning after December 15, 2011 and for interim reporting periods within those years. The company does not expect the adoption to have a material impact on the company's consolidated financial statements.

In September 2011, the FASB issued revised guidance intended to simplify how an entity tests goodwill for impairment. The amendments will allow an entity first to assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity will no longer be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The company does not expect the adoption to have a material impact on the company's consolidated financial statements.

In December 2011, the FASB issued guidance related to disclosures about offsetting (netting) of assets and liabilities in the statement of financial position. The guidance requires entities to disclose gross information and net information about both instruments and transactions that are offset in the statement of financial position, and instruments and transactions subject to an agreement similar to a master netting arrangement. The scope includes financial instruments and derivative instruments. The disclosures are required for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. Disclosures required under the guidance shall be provided for all comparative periods presented. The company is currently assessing the impact of the guidance.

FORWARD-LOOKING STATEMENTS

This quarterly report contains "forward-looking" statements that reflect the company's current expectations regarding future results of operations, economic performance, financial condition and achievements of the company. The company tries, wherever possible, to identify these forward-looking statements by using words such as "anticipate," "believe," "estimate," "expect," "will" and similar expressions. One can also identify them by the fact that they do not relate strictly to historical or current facts. These statements reflect the company's current plans and expectations and are based on information currently available to it. They rely on a number of assumptions regarding future events and estimates which could be inaccurate and which are inherently subject to risks and uncertainties.

The company wishes to caution the reader that the following important factors and those important factors described in other Securities and Exchange Commission filings of the company, or in the company's 2011 Annual Report on Form 10-K, could affect the company's actual results and could cause such results to vary materially from those expressed in any forward-looking statements made by, or on behalf of, the company:

- the impact of strong competitive response to the company's efforts to leverage its brand power with product innovation, promotional programs and new advertising, and of changes in consumer demand for the company's products;
- the risks in the marketplace associated with trade and consumer acceptance of product improvements, shelving initiatives, new product introductions, and pricing and promotional strategies;
- the company's ability to achieve sales and earnings guidance, which is based on assumptions about sales volume, product mix, the development and success of new products, the impact of marketing, promotional and pricing actions, product costs and currency;
- the company's ability to realize projected cost savings and benefits;
- the company's ability to successfully manage changes to its business processes, including selling, distribution, manufacturing, information management systems and the integration of acquisitions;
- the practices and increased significance of certain of the company's key trade customers;
- the impact of inventory management practices by the company's trade customers;
- the impact of fluctuations in the supply and inflation in energy, raw and packaging materials cost;
- the impact associated with portfolio changes and completion of acquisitions and divestitures;
- the uncertainties of litigation described from time to time in the company's Securities and Exchange Commission filings;

- the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions and other external factors; and
- 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.
This discussion of uncertainties is by no means exhaustive but is designed to highlight important factors that may impact the company's outlook. The company disclaims any obligation or intent to update forward-looking statements made by the company in order to reflect new information, events or circumstances after the date they are made.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
For information regarding the company's exposure to certain market risk, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in the 2011 Annual Report on Form 10-K. There have been no significant changes in the company's portfolio of financial instruments or market risk exposures from the fiscal 2011 year-end.

Item 4. CONTROLS AND PROCEDURES
a. Evaluation of Disclosure Controls and Procedures
The company, under the supervision and with the participation of its management, including the President and Chief Executive Officer and the Senior Vice President — Chief Financial Officer and Chief Administrative Officer, has evaluated the effectiveness of the company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of January 29, 2012 (Evaluation Date). Based on such evaluation, the President and Chief Executive Officer and the Senior Vice President — Chief Financial Officer and Chief Administrative Officer have concluded that, as of the Evaluation Date, the company's disclosure controls and procedures are effective.
b. Changes in Internal Controls
During the quarter ended January 29, 2012, there were no changes in the company's internal control over financial reporting that materially affected, or were likely to materially affect, such control over financial reporting.

PART II

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS
Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)		Average Price Paid Per Share (2)		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs ($ in Millions) (3)
10/31/2011 - 11/30/2011	542,233	(4)	$32.95	(4)	351,901	$932
12/1/2011 - 12/31/2011	1,166,249	(5)	$32.70	(5)	765,548	$907
1/1/2012 - 1/29/2012	1,012,790	(6)	$32.32	(6)	663,258	$885
Total	2,721,272		$32.61		1,780,707	$885

(1) Includes (i) 909,493 shares repurchased in open-market transactions to offset the dilutive impact to existing shareowners of issuances under the company's stock compensation plans, (ii) 16,018 shares owned and tendered in connection with stock option exercises, and (iii) 15,054 shares owned and tendered by employees to satisfy tax withholding obligations on the vesting of restricted shares. Unless otherwise indicated, shares owned and tendered by employees to satisfy tax withholding obligations were purchased at the closing price of the company's shares on the date of vesting.

(2) Average price paid per share is calculated on a settlement basis and excludes commission.

(3) During the first six months of fiscal 2012, the company had one publicly announced share repurchase program. Under this program, which was announced on June 23, 2011, the company's Board of Directors authorized the purchase of up to $1 billion of company stock. The program has no expiration date. In addition to the publicly announced share repurchase program, the company expects to continue to purchase shares, under separate authorization, as part of its practice of buying back shares sufficient to offset shares issued under incentive compensation plans.

(4) Includes (i) 181,399 shares repurchased in open-market transactions at an average price of $32.96 to offset the dilutive impact to existing shareowners of issuances under the company's stock compensation plans, and (ii) 8,933 shares owned and tendered by employees at an average price per share of $32.84 to satisfy tax withholding requirements on the vesting of restricted shares.

(5) Includes (i) 389,452 shares repurchased in open-market transactions at an average price of $32.70 to offset the dilutive impact to existing shareowners of issuances under the company's stock compensation plans, (ii) 5,915 shares owned and tendered by employees at an average price per share of $32.53 to satisfy tax withholding requirements on the vesting of restricted shares, and (iii) 5,334 shares owned and tendered at an average price of $32.60 in connection with stock option exercises.

(6) Includes (i) 338,642 shares repurchased in open-market transactions at an average price of $32.31 to offset the dilutive impact to existing shareowners of issuances under the company's stock compensation plans, (ii) 10,684 shares owned and tendered at an average price of $33.17 in connection with stock option exercises, and (iii) 206 shares owned and tendered by employees at an average price per share of $33.24 to satisfy tax withholding requirements on the vesting of restricted shares.

Item 6. EXHIBITS

31(a)	Certification of Denise M. Morrison pursuant to Rule 13a-14(a).
31(b)	Certification of B. Craig Owens pursuant to Rule 13a-14(a).
32(a)	Certification of Denise M. Morrison pursuant to 18 U.S.C. Section 1350.
32(b)	Certification of B. Craig Owens pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 7, 2012

CAMPBELL SOUP COMPANY

By:	/s/ B. Craig Owens B. Craig Owens Senior Vice President — Chief Financial Officer and Chief Administrative Officer
By:	/s/ Ellen Oran Kaden Ellen Oran Kaden Senior Vice President — Law and Government Affairs

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