CAMPBELL SOUP CO
Form 10-K
September 27, 2012

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

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

For the Fiscal Year Ended	Commission File Number
July 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
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Capital Stock, par value $.0375	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
R Yes o No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
o Yes R No
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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
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
As of January 29, 2012 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of capital stock held by non-affiliates of the registrant was approximately $5,793,740,752.

There were 313,547,620 shares of capital stock outstanding as of September 14, 2012.
Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareowners to be held on November 14, 2012, are incorporated by reference into Part III.

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PART I

Item 1. Business

The Company

Campbell Soup Company, together with its consolidated subsidiaries (Campbell or the company), is a manufacturer and marketer of high-quality, branded convenience food products. Campbell was organized as a business corporation under the laws of New Jersey on November 23, 1922; however, through predecessor organizations, it traces its heritage in the food business back to 1869. The company’s principal executive offices are in Camden, New Jersey 08103-1799.

Recent Developments

On August 6, 2012, the company completed the acquisition of BF Bolthouse Holdco LLC (Bolthouse Farms) from a fund managed by Madison Dearborn Partners, LLC, a private equity firm, for $1.55 billion in cash, subject to customary purchase price adjustments related to the amount of Bolthouse Farm’s cash, debt, working capital, transaction expenses and taxes. Bolthouse Farms is a vertically integrated food and beverage company focused on developing, manufacturing and marketing fresh carrots and proprietary, high value-added natural, healthy products. Bolthouse Farms has leading market positions in retail fresh carrots and super-premium beverages in the U.S. and Canada. Bolthouse Farms employs approximately 2,100 persons, and its two primary manufacturing facilities are company-owned and located in Bakersfield, California, and Prosser, Washington. Bolthouse Farms also leases agricultural property, which is primarily located in California. For additional information relating to the strategic rationale for the Bolthouse Farms acquisition, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Overview.” The company funded the acquisition through a combination of short- and long-term borrowings. For additional information relating to the funding of the Bolthouse Farms acquisition, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources.” Since the Bolthouse Farms acquisition occurred subsequent to 2012, the results of Bolthouse Farms' operations are not included in this 2012 Annual Report on Form 10-K (the Report), and the discussion of the company's business and operations in this Report does not incorporate Bolthouse Farms' business and operations unless specifically stated otherwise.

On September 27, 2012, the company announced several initiatives to improve its U.S. supply chain cost structure and increase asset utilization across its U.S. thermal plant network. The initiatives include closing the company's Sacramento, California, thermal plant, which produces soups, sauces and beverages, and the company's South Plainfield, New Jersey, spice plant, which supplies ingredients to the company's U.S. thermal plants. As a result of the initiatives, the company expects to incur pre-tax costs of approximately $115 million, most of which will be incurred in 2013. The company also expects to invest approximately $27 million in capital expenditures, primarily to relocate and refurbish a beverage filling and packaging line. For additional information relating to the initiatives, see Note 19 to the Consolidated Financial Statements.

Reportable Segments

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 11 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. See also Note 5 to the Consolidated Financial Statements. The segments are discussed in greater detail below.

U.S. Simple Meals

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 sauces; Pace Mexican sauces; Campbell’s canned gravies, pasta, and beans; and Swanson canned poultry.

Global Baking and Snacking

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.

International Simple Meals and Beverages

The International Simple Meals and Beverages segment aggregates the simple meals and beverages operating segments outside of the U.S., including Europe, the retail business in Canada, and the businesses in Asia Pacific, Latin America and China. The segment's operations include Erasco and Heisse Tasse soups in Germany, Liebig and Royco soups in France, Devos Lemmens mayonnaise and cold sauces and Campbell's and Royco soups in Belgium, and Blå Band soups and sauces in Sweden. In Canada, operations include Habitant and Campbell's soups, Prego pasta sauces, Pace Mexican sauces, V8 juices and beverages and certain Pepperidge Farm products. In Asia Pacific, operations include Campbell's soup and stock, Kimball sauces, V8 juices and beverages, Prego pasta sauce and Swanson broths.

U.S. Beverages

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.

North America Foodservice

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 U.S. and Canada.

Ingredients and Packaging

The ingredient and packaging materials required for the manufacture of the company's food products are purchased from various suppliers. These items are subject to fluctuations in price attributable to a number of factors, including changes in crop size, cattle cycles, product scarcity, demand for raw materials, energy costs, government-sponsored agricultural programs, import and export requirements and regional drought and other weather conditions (including the potential effects of climate change) during the growing and harvesting seasons. To help reduce some of this price volatility, the company uses a combination of purchase orders, short- and long-term contracts and various commodity risk management tools for most of its ingredients and packaging. Ingredient inventories are at a peak during the late fall and decline during the winter and spring. Since many ingredients of suitable quality are available in sufficient quantities only at certain seasons, the company makes commitments for the purchase of such ingredients during their respective seasons. At this time, the company does not anticipate any material restrictions on availability or shortages of ingredients or packaging that would have a significant impact on the company's businesses. For information on the impact of inflation on the company, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Customers

In most of the company's markets, sales and merchandising activities are conducted through the company's own sales force and its third-party broker and distributor partners. In the U.S., Canada and Latin America, the company's products are generally resold to consumers in retail food chains, mass discounters, mass merchandisers, club stores, convenience stores, drug stores, dollar stores and other retail, commercial and non-commercial establishments. In Europe, the company's products are generally resold to consumers in retail food chains, mass discounters, mass merchandisers, club stores, convenience stores and other retail, commercial and non-commercial establishments. In the Asia Pacific region, the company's products are generally resold to consumers through retail food chains, convenience stores and other retail, commercial and non-commercial establishments. The company makes shipments promptly after receipt and acceptance of orders.

The company's five largest customers accounted for approximately 34% of the company's consolidated net sales in 2012, 2011, and 2010. The company's largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 17% of the company's consolidated net sales in 2012 and 2011, and 18% in 2010. All of the company's segments sold products to Wal-Mart Stores, Inc. or its affiliates. No other customer accounted for 10% or more of the company's consolidated net sales.

Trademarks and Technology

As of September 14, 2012, the company owned over 4,200 trademark registrations and applications in over 165 countries, including the registrations acquired in the Bolthouse Farms acquisition. The company believes that its trademarks are of material importance to its business. Although the laws vary by jurisdiction, trademarks generally are valid as long as they are in use and/or their registrations are properly maintained and have not been found to have become generic. Trademark registrations generally can be renewed indefinitely as long as the trademarks are in use. The company believes that its principal brands, including Campbell's, Erasco, Liebig, Pepperidge Farm, Goldfish, V8, Pace, Prego, Swanson, Royco and Arnott's, as well as the Bolthouse Farms brand acquired in the Bolthouse Farms acquisition, are protected by trademark law in the major markets where they are used. In addition, some of the company's products are sold under brands that have been licensed from third parties.

Although the company owns a number of valuable patents, it does not regard any segment of its business as being dependent upon any single patent or group of related patents. In addition, the company owns copyrights, both registered and unregistered, and proprietary trade secrets, technology, know-how processes, and other intellectual property rights that are not registered.

Competition

The company experiences worldwide competition in all of its principal products. This competition arises from numerous competitors of varying sizes across multiple food and beverage categories, and includes producers of generic and private label products, as well as other branded food and beverage manufacturers. All of these competitors vie for trade merchandising support and consumer dollars. The number of competitors cannot be reliably estimated. The principal areas of competition are brand recognition, taste, quality, price, advertising, promotion, convenience and service.

Working Capital

For information relating to the company’s cash and working capital items, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Capital Expenditures

During 2012, the company’s aggregate capital expenditures were $323 million. The company expects to spend approximately $330 million for capital projects in fiscal 2013, including Bolthouse Farms projects. Major 2013 capital projects include a soup capacity expansion project for the North America Foodservice business, a cracker expansion project for Pepperidge Farm, the ongoing implementation of a series of related initiatives to simplify the soup-making process in North America (also known as the soup common platform initiative), the relocation and refurbishment of a U.S. beverage filling and packaging line, a packing automation project at one of the company’s Australian biscuit plants, and the continued implementation of an advanced planning system in North America.

Research and Development

During the last three fiscal years, the company’s expenditures on research and development activities relating to new products and the improvement and maintenance of existing products were $125 million in 2012, $129 million in 2011, and $123 million in 2010. The decrease from 2011 to 2012 was primarily due to cost savings initiatives and other factors, partially offset by higher costs associated with product innovation in North America and the Asia Pacific region and inflation. The increase from 2010 to 2011 was primarily due to costs associated with an ongoing initiative to simplify the soup-making process in North America, costs associated with product innovation in North America, costs associated with a global baked snacks initiative, and the impact of currency, partially offset by cost savings initiatives. In fiscal 2013, the company expects to conduct much of its baking and snacking portfolio-related research and development at its new Pepperidge Farm innovation center, as well as its existing Arnott's innovation center.

Environmental Matters

The company has requirements for the operation and design of its facilities that meet or exceed applicable environmental rules and regulations. Of the company’s $323 million in capital expenditures made during 2012, approximately $8 million was for compliance with environmental laws and regulations in the U.S. The company further estimates that approximately $18 million of the capital expenditures anticipated during 2013 will be for compliance with U.S. environmental laws and regulations. The company believes that continued compliance with existing environmental laws and regulations (both within the U.S. and elsewhere) will not have a material effect on capital expenditures, earnings or the competitive position of the company. In addition, the company continues to monitor pending environmental laws and regulations within the U.S. and elsewhere, including laws and regulations relating to climate change and greenhouse gas emissions. While the impact of these pending laws and regulations cannot be predicted with certainty, the company does not believe that compliance with these pending laws and regulations will have a material effect on capital expenditures, earnings or the competitive position of the company.

Seasonality

Demand for the company’s products is somewhat seasonal, with the fall and winter months usually accounting for the highest sales volume due primarily to demand for the company’s soup products. Demand for the company’s sauce, beverage, baking and snacking products, however, is generally evenly distributed throughout the year.

Employees

On July 29, 2012, there were approximately 17,700 employees of the company. In addition, as of July 29, 2012, Campbell Swire, the company's joint venture in China, employed approximately 170 persons.

Financial Information

Financial information for the company’s reportable segments and geographic areas is found in Note 5 to the Consolidated Financial Statements. For risks attendant to the company’s foreign operations, see “Risk Factors.”

Company Website

The company’s primary corporate website can be found at www.campbellsoupcompany.com. The company makes available free of charge at this website (under the “Investor Center — Financial Information — SEC Filings” caption) all of its reports (including amendments) filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, including its annual report on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K. These reports are made available on the website as soon as reasonably practicable after their filing with, or furnishing to, the Securities and Exchange Commission.

Item 1A. Risk Factors

In addition to the factors discussed elsewhere in this Report, the following risks and uncertainties could materially adversely affect the company’s business, financial condition and results of operations. Additional risks and uncertainties not presently known to the company or that the company currently deems immaterial also may impair the company’s business operations and financial condition.

The company operates in a highly competitive industry

The company operates in the highly competitive food industry and experiences international competition in all of its principal products. The principal areas of competition are brand recognition, taste, quality, price, advertising, promotion, convenience and service. A number of the company's primary competitors have substantial financial, marketing and other resources. A strong competitive response from one or more of these competitors to the company's marketplace efforts, or a consumer shift towards private label offerings, could result in the company reducing pricing, increasing marketing or other expenditures, and/or losing market share.

The company's results are dependent on successful marketplace initiatives and acceptance by consumers of the company's products, including new or improved product and packaging introductions

The company's results are dependent on successful marketplace initiatives and acceptance by consumers of the company's products. The company's new or improved product and packaging introductions, along with its other marketplace initiatives, are designed to capitalize on customer or consumer trends. In order to remain successful, the company must anticipate and react to these trends and develop new or improved products or packaging to address them. While the company devotes significant resources to meeting this goal, the company may not be successful in developing new or improved products or packaging, or its new or improved products or packaging may not be accepted by customers or consumers.

Disruption to the company's supply chain could adversely affect its business

Damage or disruption to the company's manufacturing or distribution capabilities, or to the capabilities of the company's suppliers or contract manufacturers, whether as a result of adverse weather conditions (such as drought, temperature extremes or floods), natural disaster, fire, terrorism, pandemic, strikes, or other events, could impair the company's ability to manufacture and/or sell its products. In addition, as part of the Bolthouse Farms acquisition, the company acquired a significant U.S. producer of fresh carrots. The production of carrots may be adversely impacted by the events listed above, as well as by water scarcity, crop disease and crop pests. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, particularly when a product is sourced from a single location, could adversely affect the company's business or financial results.

The company faces risks related to recession, financial and credit market disruptions and other economic conditions

Customer and consumer demand for the company's products may be impacted by weak economic conditions, recession, equity market volatility or other negative economic factors in the U.S. or other nations. Similarly, disruptions in financial and/or credit markets may impact the company's ability to manage normal commercial relationships with its customers, suppliers and creditors. In addition, changes in tax or interest rates in the U.S. or other nations, whether due to recession, financial and credit market disruptions or other reasons, could impact the company.

The company may be adversely impacted by the failure to execute acquisitions and divestitures successfully

From time to time, the company undertakes acquisitions, such as the Bolthouse Farms acquisition, or divestitures. The success of any such acquisition or divestiture depends, in part, upon the company's ability to identify suitable buyers or sellers, negotiate favorable contractual terms and, in many cases, obtain governmental approval. For acquisitions, success is also dependent upon efficiently integrating the acquired business into the company's existing operations, successfully managing new risks associated with the acquired business and achieving expected returns and other benefits. Acquisitions outside the U.S. may present unique challenges or increase the company's exposure to risks associated with foreign operations, including foreign currency risks and risks associated with local regulatory regimes. For divestitures, success is also dependent on effectively and efficiently separating the divested unit or business from the company and reducing or eliminating associated overhead costs. In cases where acquisitions or divestitures are not

successfully implemented or completed, the company's business or financial results could be negatively impacted.
Increased regulation could adversely affect the company's business or financial results
The manufacture and marketing of food products is extensively regulated. The primary areas of regulation include the processing, packaging, storage, distribution, advertising, labeling, quality and safety of the company's food products, as well as the health and safety of the company's employees and the protection of the environment. In the U.S., the company is subject to regulation by various government agencies, including the Food and Drug Administration, the U.S. Department of Agriculture, the Federal Trade Commission, the Occupational Safety and Health Administration and the Environmental Protection Agency, as well

as various state and local agencies. The company is also regulated by similar agencies outside the U.S. and by voluntary organizations, such as the National Advertising Division and the Children's Food and Beverage Advertising Initiative of the Council of Better Business Bureaus. Changes in regulatory requirements (such as proposed requirements designed to restrict food marketing), or evolving interpretations of existing regulatory requirements, may result in increased compliance cost, capital expenditures and other financial obligations that could adversely affect the company's business or financial results.

Fluctuations in foreign currency exchange rates could adversely affect the company's results

The company holds assets and incurs liabilities, generates revenue, and pays expenses in a variety of currencies other than the U.S. dollar, primarily the Australian dollar, Canadian dollar, and the euro. The company's consolidated financial statements are presented in U.S. dollars, and therefore the company must translate its assets, liabilities, sales and expenses into U.S. dollars for external reporting purposes. As a result, changes in the value of the U.S. dollar may materially and negatively affect the value of these items in the company's consolidated financial statements, even if their value has not changed in their original currency.

The company's results may be adversely impacted by increases in the price of raw and packaging materials

The raw and packaging materials used in the company's business include tomato paste, grains, beef, poultry, vegetables, steel, glass, paper and resin. Many of these materials are subject to price fluctuations from a number of factors, including product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, weather conditions (including the potential effects of climate change), import and export requirements and changes in government-sponsored agricultural programs. To the extent any of these factors result in an increase in raw and packaging material prices, the company may not be able to offset such increases through productivity or price increases or through its commodity hedging activity.

Price increases may not be sufficient to cover increased costs, or may result in declines in sales volume due to pricing elasticity in the marketplace

The company intends to pass along to customers some or all cost increases in raw and packaging materials and other inputs through increases in the selling prices of some of its products. Higher product prices may result in reductions in sales volume. To the extent the price increases are not sufficient to offset increased raw and packaging materials and other input costs, and/or if they result in significant decreases in sales volume, the company's business results and financial condition may be adversely affected.

The company may be adversely impacted by a changing customer landscape and the increased significance of some of its customers

In recent years, alternative retail grocery channels, such as dollar stores, drug stores and club stores, have increased their market share. This trend towards alternative channels is expected to continue in the future. In addition, consolidations in the traditional retail grocery trade have produced large, sophisticated customers with increased buying power and negotiating strength who may seek lower prices or increased promotional programs funded by their suppliers. These customers may use more of their shelf space for their private label products. If the company is unable to use its scale, marketing expertise, product innovation and category leadership positions to respond to these customer dynamics, the company's business or financial results could be negatively impacted. Also, during 2012, the company's five largest customers accounted for approximately 34% of the company's consolidated net sales, with the largest customer, Wal-Mart Stores, Inc. and its affiliates, accounting for approximately 17% of the company's consolidated net sales. The disruption of sales to any of these customers, or to any of the company's other large customers, for an extended period of time could adversely affect the company's business or financial results.

The company may be adversely impacted by increased liabilities and costs related to its defined benefit pension plans

The company sponsors a number of defined benefit pension plans for employees in the U.S. and various non-U.S. locations. The major defined benefit pension plans are funded with trust assets invested in a globally diversified portfolio of securities and other investments. Changes in regulatory requirements or the market value of plan assets, investment returns, interest rates and mortality rates may affect the funded status of the company's defined benefit pension plans and cause volatility in the net periodic benefit cost, future funding requirements of the plans and the funded status as recorded on the balance sheet. A significant increase in the company's obligations or future funding requirements could have a material adverse effect on the financial results of the company.

The company may be adversely impacted by inadequacies in, or security breaches of, its information technology systems

Each year the company engages in several billion dollars of transactions with its customers and vendors. Because the amount of dollars involved is so significant, the company's information technology resources (some of which are managed by third parties) must provide connections among its marketing, sales, manufacturing, logistics, customer service, and accounting functions. If the company does not allocate and effectively manage the resources necessary to build and sustain an appropriate technology infrastructure and to maintain the related computerized and manual control processes, the company's business or financial results could be negatively impacted. Furthermore, the company's information technology systems may be vulnerable to security breaches (including the theft of customer, consumer or other confidential data), cyber-based attacks or other system failures. If the company is unable to prevent such failures, the company's business or financial results could be negatively impacted.

The company may not properly execute, or realize anticipated cost savings or benefits from, its ongoing supply chain, information technology or other initiatives

The company's success is partly dependent upon properly executing, and realizing cost savings or other benefits from, its ongoing supply chain, information technology and other initiatives. These initiatives are primarily designed to make the company more efficient in the manufacture and distribution of its products, which is necessary in the company's highly competitive industry. These initiatives are often complex, and a failure to implement them properly may, in addition to not meeting projected cost savings or benefits, result in an interruption to the company's sales, manufacturing, logistics, customer service or accounting functions.

The company's results may be impacted negatively by political conditions in the countries where the company does business

The company has operations or does business in multiple countries. Because of its international reach, the company's performance may be impacted negatively by politically motivated factors, such as unfavorable changes in tariffs or export and import restrictions, in these countries. The company may also be impacted by political instability, civil disobedience, armed hostilities and terrorist acts in these countries.

If the company's food products become adulterated or are mislabeled, the company might need to recall those items, and may experience product liability claims if consumers are injured

The company may need to recall some of its products if they become adulterated or if they are mislabeled. The company may also be liable if the consumption of any of its products causes injury. A widespread product recall could result in significant losses due to the costs of a recall, the destruction of product inventory and lost sales due to the unavailability of product for a period of time. The company could also suffer losses from a significant product liability judgment against it. A significant product recall or product liability case could also result in adverse publicity, damage to the company's reputation and a loss of consumer confidence in the company's products. In addition, the company's results could be adversely affected if consumers lose confidence in the safety and quality of the company's products, ingredients or packaging, even in the absence of a recall or a product liability case.

The company's results may be negatively impacted if consumers do not maintain their favorable perception of its brands

The company has a number of iconic brands with significant value. Maintaining and continually enhancing the value of these brands is critical to the success of the company's business. Brand value is based in large part on consumer perceptions. Success in promoting and enhancing brand value depends in large part on the company's ability to provide high-quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that the company has acted in an irresponsible manner, adverse publicity about the company's products (whether or not valid), the company's failure to maintain the quality of its products, the failure of the company's products to deliver consistently positive consumer experiences, or the products becoming unavailable to consumers. The growing use of social and digital media by consumers increases the speed and extent that information and opinions can be shared. Negative posts or comments about the company, its brands or products on social or digital media could seriously damage the company's brands and reputation. If the company does not maintain the favorable perception of its brands, the company's results could be negatively impacted.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The company's principal executive offices and main research facilities are company-owned and located in Camden, New Jersey. The following table sets forth the company's principal manufacturing facilities and the business segment that primarily uses each of the facilities:

Principal Manufacturing Facilities

Inside the U.S.

California	New Jersey	South Carolina
Dixon (USSM/USB)	South Plainfield (USSM/USB)	Aiken (GBS)
Sacramento (USSM/USB/ ISMB)	East Brunswick (GBS)	Texas
Stockton (USSM/USB)	North Carolina	Paris (USSM/USB/ISMB)
Connecticut	Maxton (USSM/ISMB)	Utah
Bloomfield (GBS)	Ohio	Richmond (GBS)
Florida	Napoleon (USSM/USB/NAFS/ISMB)	Washington
Lakeland (GBS)		Everett (NAFS)
Illinois	Willard (GBS)	Wisconsin
Downers Grove (GBS)	Pennsylvania	Milwaukee (USSM)
	Denver (GBS)	
	Downingtown (GBS/NAFS)	

Outside the U.S.

Australia	China	Indonesia
Huntingwood (GBS)	Xiamen (ISMB)	Jawa Barat (GBS)
Marleston (GBS)	Canada	Malaysia
Shepparton (ISMB)	Toronto (USSM/ ISMB/NAFS)	Selangor Darul Ehsan (ISMB)
Virginia (GBS)	France	Mexico
Belgium	LePontet (ISMB)	Villagran (ISMB)
Puurs (ISMB)	Germany	Sweden
	Luebeck (ISMB)	Kristianstadt (ISMB)

USSM - U.S. Simple Meals
GBS - Global Baking and Snacking
ISMB - International Simple Meals and Beverages
USB - U.S. Beverages
NAFS - North America Foodservice

Each of the foregoing manufacturing facilities is company-owned, except the (i) Selangor Darul Ehsan, Malaysia, and the East Brunswick, New Jersey, facilities are leased, and (ii) Xiamen, China, facility is owned by Swire Pacific Limited, the company's joint venture partner in China. The company also operates retail bakery thrift stores in the U.S. and other plants, facilities and offices at various locations in the U.S. and abroad, including additional executive offices in Norwalk, Connecticut; Puurs, Belgium; and North Strathfield, Australia.

The company expects to close the Sacramento, California, and the South Plainfield, New Jersey, facilities in 2013. For information relating to the properties acquired in the Bolthouse Farms acquisition, see “Business - Recent Developments.”

Management believes that the company's manufacturing and processing plants are well maintained and are generally adequate to support the current operations of the businesses.

Item 3. Legal Proceedings

None.

Item 4. Mine Safety Disclosures

Not applicable.

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Executive Officers of the Company

The following list of executive officers as of September 14, 2012, is included as an item in Part III of this Form 10-K:

Name	Present Title	Age	Year First Appointed Executive Officer
Mark R. Alexander	Senior Vice President	48	2009
Irene Chang Britt	Senior Vice President	49	2010
Anthony P. DiSilvestro	Senior Vice President - Finance	53	2004
Ellen Oran Kaden	Senior Vice President - Chief Legal and Public Affairs Officer	60	1998
Denise M. Morrison	President and Chief Executive Officer	58	2003
Robert W. Morrissey	Senior Vice President and Chief Human Resources Officer	54	2012
B. Craig Owens	Senior Vice President - Chief Financial Officer and Chief Administrative Officer	58	2008
David R. White	Senior Vice President	57	2004

B. Craig Owens served as Executive Vice President and Chief Financial Officer of the Delhaize Group prior to joining the company in 2008. The company has employed Mark R. Alexander, Irene Chang Britt, Anthony P. DiSilvestro, Ellen Oran Kaden, Denise M. Morrison, Robert W. Morrissey, and David R. White in an executive or managerial capacity for at least five years.

There is no family relationship among any of the company’s executive officers or between any such officer and any director that is first cousin or closer. All of the executive officers were elected at the November 2011 meeting of the Board of Directors, except Robert W. Morrissey was elected at the January 2012 meeting with an effective appointment date of April 1, 2012.

PART II

Item 5. Market for Registrant's Capital Stock, Related Shareowner Matters and Issuer Purchases of Equity Securities
Market for Registrant's Capital Stock
The company's capital stock is listed and principally traded on the New York Stock Exchange. On September 14, 2012, there were 24,079 holders of record of the company's capital stock. Market price and dividend information with respect to the company's capital stock are set forth in Note 18 to the Consolidated Financial Statements. Future dividends will be dependent upon future earnings, financial requirements and other factors.
Return to Shareowners* Performance Graph
The following graph compares the cumulative total shareowner return (TSR) on the company's stock with the cumulative total return of the Standard & Poor's 500 Stock Index (the S&P 500) and the Standard & Poor's Packaged Foods Index (the S&P Packaged Foods Group). The graph assumes that $100 was invested on July 27, 2007, in each of company stock, the S&P 500 and the S&P Packaged Foods Group, and that all dividends were reinvested. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on July 27, 2012.
* Stock appreciation plus dividend reinvestment.

	2007	2008	2009	2010	2011	2012
Campbell	100	98	88	105	100	103
S&P 500	100	88	71	81	97	106
S&P Packaged Foods Group	100	103	95	111	133	144

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)
4/30/2012 - 5/31/2012	863,780	(4)	$33.27	(4)	416,643	$806
6/1/2012 - 6/30/2012	1,874,518	(5)	$31.86	(5)	1,139,028	$769
7/1/2012 - 7/29/2012	1,568,048	(6)	$33.02	(6)	582,355	$750
Total	4,306,346		$32.57		2,138,026	$750

(1) Includes (i) 2,166,195 shares repurchased in open-market transactions to offset the dilutive impact to existing shareowners of issuances under the company's stock compensation plans, and (ii) 2,125 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 fourth quarter of 2012, the company had a 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, although the company suspended purchases under the program in July 2012. The company expects to continue its longstanding practice, under separate authorization, of purchasing shares sufficient to offset shares issued under incentive compensation plans.

(4) Includes (i) 445,771 shares repurchased in open-market transactions at an average price of $33.28 to offset the dilutive impact to existing shareowners of issuances under the company's stock compensation plans, and (ii) 1,366 shares owned and tendered by employees at an average price per share of $33.62 to satisfy tax withholding requirements on the vesting of restricted shares.

(5) Includes 735,490 shares repurchased in open-market transactions at an average price of $31.77 to offset the dilutive impact to existing shareowners of issuances under the company's stock compensation plans.

(6) Includes (i) 984,934 shares repurchased in open-market transactions at an average price of $33.04 to offset the dilutive impact to existing shareowners of issuances under the company's stock compensation plans, and (ii) 759 shares owned and tendered by employees at an average price per share of $33.38 to satisfy tax withholding requirements on the vesting of restricted shares.

Item 6. Selected Financial Data

FIVE-YEAR REVIEW — CONSOLIDATED

Fiscal Year	2012(1)	2011(2)	2010(3)	2009(4)	2008(5)
	(Millions, except per share amounts)				
Summary of Operations					
Net sales	$7,707	$7,719	$7,676	$7,586	$7,998
Earnings before interest and taxes	1,212	1,279	1,348	1,185	1,098
Earnings before taxes	1,106	1,168	1,242	1,079	939
Earnings from continuing operations	764	802	844	732	671
Earnings from discontinued operations	—	—	—	4	494
Net earnings	764	802	844	736	1,165
Net earnings attributable to Campbell Soup Company	774	805	844	736	1,165
Financial Position					
Plant assets - net	$2,127	$2,103	$2,051	$1,977	$1,939
Total assets	6,530	6,862	6,276	6,056	6,474
Total debt	2,790	3,084	2,780	2,624	2,615
Total equity	898	1,096	929	731	1,321
Per Share Data					
Earnings from continuing operations attributable to Campbell Soup Company - basic	$2.43	$2.44	$2.44	$2.05	$1.77
Earnings from continuing operations attributable to Campbell Soup Company - assuming dilution	2.41	2.42	2.42	2.03	1.75
Net earnings attributable to Campbell Soup Company - basic	2.43	2.44	2.44	2.06	3.06
Net earnings attributable to Campbell Soup Company - assuming dilution	2.41	2.42	2.42	2.05	3.03
Dividends declared	1.16	1.145	1.075	1.00	0.88
Other Statistics					
Capital expenditures	$323	$272	$315	$345	$298
Weighted average shares outstanding - basic	317	326	340	352	373
Weighted average shares outstanding - assuming dilution	319	329	343	354	377

In the first quarter of fiscal 2010, the company adopted and retrospectively applied new accounting guidance related to a noncontrolling interest in a subsidiary. The guidance requires a noncontrolling interest in a subsidiary to be classified as a separate component of total equity.

In the first quarter of fiscal 2010, the company adopted and retrospectively applied new accounting guidance related to the calculation of earnings per share. The retrospective application of the provision resulted in the following reductions to basic and diluted earnings per share:

	2009		2008	
	Basic	Diluted	Basic	Diluted
Earnings from continuing operations attributable to Campbell Soup Company	$(.03)	$(.01)	$(.03)	$(.01)
Net earnings attributable to Campbell Soup Company	$(.03)	$(.01)	$(.06)	$(.03)

(All per share amounts below are on a diluted basis)

The 2008 fiscal year consisted of fifty-three weeks. All other periods had fifty-two weeks.

(1) The 2012 earnings from continuing operations were impacted by a restructuring charge of $6 million ($.02 per share) associated with the 2011 initiatives to improve supply chain efficiency, reduce overhead costs across the organization and exit the Russian market. Earnings from continuing operations were also impacted by Bolthouse Farms acquisition-related

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costs of $3 million ($.01 per share).

(2) The 2011 earnings from continuing operations were impacted by a restructuring charge of $41 million ($.12 per share) associated with initiatives announced in June 2011 to improve supply chain efficiency, reduce overhead costs across the organization and exit the Russian market.

(3) The 2010 earnings from continuing operations were impacted by the following: a restructuring charge of $8 million ($.02 per share) for pension benefit costs associated with the 2008 initiatives to improve operational efficiency and long-term profitability and $10 million ($.03 per share) to reduce deferred tax assets as a result of the U.S. health care legislation enacted in March 2010.

(4) The 2009 earnings from continuing operations were impacted by the following: an impairment charge of $47 million ($.13 per share) related to certain European trademarks and $15 million ($.04 per share) of restructuring-related costs associated with the 2008 initiatives to improve operational efficiency and long-term profitability. The 2009 results of discontinued operations represented a $4 million ($.01 per share) tax benefit related to the sale of the Godiva Chocolatier business.

(5) The 2008 earnings from continuing operations were impacted by the following: a $107 million ($.28 per share) restructuring charge and related costs associated with initiatives to improve operational efficiency and long-term profitability and a $13 million ($.03 per share) benefit from the favorable resolution of a tax contingency. The 2008 results of discontinued operations included a $462 million ($1.20 per share) gain from the sale of the Godiva Chocolatier business.

Five-Year Review should be read in conjunction with the Notes to Consolidated Financial Statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Description of the Company

Campbell Soup Company is a 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.

Key Strategies

Campbell's long-term goal is to drive profitable net sales growth as a means to deliver attractive, sustainable total shareowner returns. To grow net sales, the company is focused on expanding its brand and product platforms in three core categories -- simple meals, healthy beverages and baked snacks. Its plans are designed to tap into segments and adjacencies with high-growth profiles and strong prospects for growth within these categories. Three strategies guide this effort:

- Stabilize and then profitably grow the company's North America soup and simple meals business.
- Expand the company's international presence.
- Continue to drive growth in the company's healthy beverages and baked snacks businesses.

By reducing less profitable promotional support and increasing consumer brand building in 2012, Campbell took steps towards stabilizing the profitability of its soup and simple meals business in North America. In 2013, the company is increasing its pipeline of consumer-driven innovation by expanding its product platforms and packaging formats to reach new consumers and new usage occasions. To this end, the company will introduce more than 50 new products in 2013 -- ranging from new varieties of Chunky ready-to-eat soups and Campbell's condensed soups to new products under the Campbell's Go platform and new sauces under the Campbell's Skillet Sauces brand. In addition to its innovation offerings, the company plans to increase its focus on other important growth drivers, such as product positioning, taste, availability, merchandising and price, to strengthen and grow its core soup and simple meals business portfolio in North America.

Campbell plans to expand its presence in international markets by extending product platforms in its current businesses, pursuing growth opportunities in faster-growing emerging markets, and expanding its export businesses in both existing and new geographies. The company's strategy for emerging market growth is likely to be centered on external development, ranging from acquisitions to strategic alliances such as joint ventures and other strategic partnerships. Investments in its business in the People's Republic of China, where the company has a majority stake in a joint venture with Swire Pacific Limited, are expected to continue in 2013.

In Campbell's healthy beverages business, the company will continue the U.S. expansion of its V8 V-Fusion beverages into faster growing segments and channels, such as sparkling and energy beverages, teas and juice boxes. It will invest to revitalize the V8 100% vegetable juice franchise in the U.S. by reengaging both current and lapsed users with a new advertising campaign and new varieties. In the international beverage business, the company expects to attract new users in its Asia Pacific business through product improvements, such as the conversion from glass to PET packaging, and to further accelerate beverage growth in its Latin American business.

In Campbell's baked snacks portfolio, the company is increasing its focus on innovation while further enhancing collaboration between its Pepperidge Farm and Arnott's divisions to leverage new product ideas between these powerful brands. Pepperidge Farm will continue to drive growth in its very successful Goldfish brand, along with its savory cracker, cookie and bakery products. At Arnott's in Australia, the focus remains on innovation in sweet and savory biscuits, along with further development of products designed to address the “light lunch” eating occasion.
The Bolthouse Farms acquisition provides the company with a new growth platform within its portfolio. As previously discussed, Bolthouse Farms is a vertically integrated food and beverage company focused on developing, manufacturing and marketing fresh carrots and proprietary, high value-added natural, healthy products. Bolthouse Farms' U.S. and Canadian market-leading super-premium refrigerated beverages complement the company's successful V8 beverage business, and Bolthouse Farms' leading U.S. and Canadian market position in fresh carrots anchors its business and provides significant cash flow. In addition, Bolthouse Farms' prominent position in the high-growth packaged fresh category augments the company's existing chilled soup business in North America, and offers opportunities for expansion into adjacent packaged fresh segments that respond directly to significant consumer trends.

Executive Summary

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

- Net sales were $7.707 billion in 2012, comparable to a year ago.
- Gross profit, as a percent of sales, decreased to 38.8% from 40.2% a year ago.
- Net earnings per share were $2.41 in 2012, compared to $2.42 in 2011. The current year included $.03 per share of expense from items that impacted comparability. The prior year included $.12 per share of expense from items that impacted comparability, as discussed below.

Net earnings attributable to Campbell Soup Company - 2012 Compared with 2011

The following items impacted the comparability of net earnings and earnings per share:

- 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 exit the Russian market. In 2012, the company recorded pre-tax restructuring charges of $10 million ($6 million after tax or $.02 per share) related to the initiatives. In the fourth quarter of 2011, the company recorded a restructuring charge of $63 million ($41 million after tax or $.12 per share) related to the initiatives. See Note 6 to the Consolidated Financial Statements and "Restructuring Charges" for additional information; and
- In 2012, the company recorded pre-tax transaction costs of $5 million ($3 million after tax or $.01 per share) related to the acquisition of Bolthouse Farms.

The items impacting comparability are summarized below:

	2012 Earnings Impact	EPS Impact	2011 Earnings Impact	EPS Impact
	(Millions, except per share amounts)			
Net earnings	$774	$2.41	$805	$2.42
Restructuring charges	$(6)	$(.02)	$(41)	$(.12)
Acquisition transaction costs	(3)	(.01)	—	—
Impact of items on net earnings	$(9)	$(.03)	$(41)	$(.12)

Net earnings were $774 million ($2.41 per share) in 2012, compared to $805 million ($2.42 per share) in 2011. After adjusting for items impacting comparability, net earnings decreased primarily due to a decline in gross margin percentage partially offset by a lower effective tax rate. 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, prior to the third quarter of 2011, were 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 in 2012 and in 2011.

Net earnings attributable to Campbell Soup Company - 2011 Compared with 2010

In addition to the 2011 item that impacted comparability of net earnings and net earnings per share previously disclosed, the following items also impacted comparability:

- In the third quarter of 2010, the company recorded a restructuring charge of $12 million ($8 million after tax or $.02 per share) for pension benefit costs related to the 2008 initiatives to improve operational efficiency and long-term profitability. See Note 6 to the Consolidated Financial Statements and “Restructuring Charges” for additional information; and
- In the third quarter of 2010, the company recorded deferred tax expense of $10 million, or $.03 per share, to reduce deferred tax assets as a result of the U.S. health care legislation enacted in March 2010. The law changed the tax treatment of subsidies to companies that provide prescription drug benefits to retirees.

The items impacting comparability are summarized below:

	2011 Earnings Impact	EPS Impact	2010 Earnings Impact	EPS Impact
	(Millions, except per share amounts)			
Net earnings	$805	$2.42	$844	$2.42
Restructuring charges	$(41)	$(.12)	$(8)	$(.02)
Deferred tax expense from U.S. health care legislation	—	—	(10)	(.03)
Impact of items on net earnings	$(41)	$(.12)	$(18)	$(.05)

Net earnings were $805 million ($2.42 per share) in 2011 and $844 million ($2.42 per share) in 2010. After adjusting for the items impacting comparability, net earnings decreased in 2011 primarily due to a decline in gross margin percentage and lower sales volume, partly offset by lower marketing expenses and the impact of currency. After adjusting for items impacting comparability, earnings per share increased in 2011 due to a reduction in the weighted average diluted shares outstanding, primarily due to share repurchases under the company's strategic share repurchase program.

DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

	2012	2011	2010	% Change 2012/2011	2011/2010
	(Millions)				
U.S. Simple Meals	$2,726	$2,751	$2,938	(1)	(6)
Global Baking and Snacking	2,193	2,156	1,975	2	9
International Simple Meals and Beverages	1,404	1,463	1,423	(4)	3
U.S. Beverages	774	759	762	2	—
North America Foodservice	610	590	578	3	2
	$7,707	$7,719	$7,676	—	1

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

2012 versus 2011	U.S. Simple Meals	Global Baking and Snacking	International Simple Meals and Beverages	U.S. Beverages	North America Foodservice	Total
Volume and Mix	(4)%	(1)%	(3)%	3%	2%	(2)%
Price and Sales Allowances	3	5	2	—	2	3
Increased Promotional Spending (1)	—	(3)	(1)	(1)	(1)	(1)
Currency	—	1	(2)	—	—	—
	(1)%	2%	(4)%	2%	3%	—%

2011 versus 2010	U.S. Simple Meals	Global Baking and Snacking	International Simple Meals and Beverages	U.S. Beverages	North America Foodservice	Total
Volume and Mix	(5)%	3%	—%	2%	(1)%	(1)%
Price and Sales Allowances	—	2	—	—	—	1
(Increased)/Decreased Promotional Spending (1)	(1)	(1)	(1)	(2)	2	(1)
Currency	—	5	4	—	1	2
	(6)%	9%	3%	—%	2%	1%

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

In 2012, U.S. Simple Meals sales decreased 1%. U.S. Soup declined 2% as lower volumes were partially offset by higher selling prices, reflecting a continued cautious consumer environment. Further details of U.S. Soup include:

- Sales of Campbell’s condensed soups increased 1% due to gains in eating varieties as cooking varieties were comparable to a year ago.
- Sales of ready-to-serve soups decreased 7%. Ready-to-serve soup volumes were 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 in July 2011 positively impacted sales performance.
- Broth sales increased 3% primarily due to volume gains and the introduction of Swanson Flavor Boost concentrated broth, which launched in July 2011.

U.S. Sauces sales increased slightly as gains in Prego pasta sauces were mostly offset by declines in sales of Pace Mexican sauces and other simple meal products. Sales of Pace Mexican sauces were negatively impacted by increased private label competitive activity. In U.S. Sauces, promotional spending was increased to improve marketplace performance.

In 2011, U.S. Simple Meals sales decreased 6%. U.S. soup sales decreased 6% reflecting an overall weak economy; a challenging competitive environment in the U.S. food industry; changes in buying patterns among U.S. shoppers, particularly in “stock up” purchase behavior; and lower levels of product innovation. In this retail environment, the company’s high levels of promotional support during the first half of the year did not deliver anticipated volume gains.

- Sales of Campbell’s condensed soups declined 4% primarily due to declines in eating varieties. Sales of eating varieties were negatively impacted by promotional discounting in ready-to-serve soups.
- Sales of ready-to-serve soups decreased 9% with declines in both canned and microwavable varieties.
- Broth sales decreased 1%.

In 2011, sales of Prego pasta sauces and Pace Mexican sauces declined due to increased competitive activities.

In 2012, Global Baking and Snacking sales increased 2% as sales growth in Pepperidge Farm was partially offset by a decline in Arnott's. Sales at Pepperidge Farm reflected higher selling prices across the product portfolio, partly offset by increased promotional spending. Sales increased at double-digit rates in Goldfish snack crackers, and declined in cookies and frozen products. Sales at Arnott's declined reflecting an increase in promotional spending as the business was impacted by a difficult customer and consumer environment.

In 2011, Global Baking and Snacking sales increased 9% as both Pepperidge Farm and Arnott’s achieved volume gains and also benefited from higher selling prices. Pepperidge Farm sales increased primarily due to growth in Goldfish snack crackers and

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bakery products, including whole-grain bread. In Arnott's, sales increased primarily due to currency, as well as gains in Shapes, Cruskits, and Vita-Weat savory crackers, and chocolate biscuits.

In 2012, International Simple Meals and Beverages sales decreased 4%. In Europe, sales declined primarily due to currency and declines in Germany. In Canada, sales declined primarily due to lower soup sales and the impact of currency. Promotional spending was increased within the segment to improve marketplace performance.

In 2011, International Simple Meals and Beverages sales increased 3%, primarily due to currency. In Europe, sales declined due to currency. In Asia Pacific, sales increased primarily due to currency and volume-driven gains in Australia. In Canada, sales increased due to currency and volume gains, partially offset by increased promotional spending on soup products to be more competitive with other simple meal products. Sales in Latin America declined.

In 2012, U.S. Beverages sales increased 2%. Sales of V8 Splash beverages and V8 V-Fusion beverages increased, while sales of V8 vegetable juice declined. Sales of V8 V-Fusion beverages benefited from a range of new products, including V8 V-Fusion Smoothies, Energy, Sparkling and juice boxes, as well as increased promotional support.

In 2011, U.S. Beverages sales were comparable to 2010 as increased volume was offset by higher promotional spending. Promotional spending was increased to be more competitive with other beverages. Sales of V8 Splash beverages and V8 V-Fusion beverages increased, while sales of V8 vegetable juice declined.

In 2012, North America Foodservice sales increased 3% primarily due to gains in refrigerated soup.

In 2011, North America Foodservice sales increased 2% primarily due to gains in refrigerated soup.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, decreased by $111 million in 2012 from 2011 and decreased by $47 million in 2011 from 2010. As a percent of sales, gross profit was 38.8% in 2012, 40.2% in 2011, and 41.0% in 2010.

The 1.4-percentage-point decrease in gross margin percentage in 2012 was due to the following factors:

	Margin Impact
Cost inflation and other factors	(3.7)
Higher level of promotional spending	(0.8)
Mix	(0.7)
Higher selling prices	2.0
Productivity improvements	1.8
	(1.4)

The 0.8-percentage-point decrease in gross margin percentage in 2011 was due to the following factors:

	Margin Impact
Cost inflation and other factors, including higher plant costs	(2.2)
Higher level of promotional spending	(0.7)
Mix	(0.2)
Productivity improvements	1.9
Higher selling prices	0.4
	(0.8)

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 13.2% in 2012, 13.0% in 2011, and 13.8% in 2010. Marketing and selling expenses increased 1% in 2012 from 2011. The increase was primarily due to higher advertising and consumer promotion expenses (approximately 1 percentage point) and higher other marketing expenses (approximately 1 percentage point), partly offset by lower selling expenses (approximately 1 percentage point). Advertising and consumer promotion expenses increased 3% in 2012 from 2011, reflecting brand-building investments across many key brands. Marketing and selling expenses decreased 5% in 2011 from 2010. The decrease was primarily due to lower advertising expenses (approximately 3 percentage points); lower selling expenses (approximately 2 percentage points); and lower other marketing expenses (approximately 2 percentage points), partly offset by the impact of currency (approximately 2 percentage points).

Administrative Expenses

Administrative expenses as a percent of sales were 7.9% in 2012, 2011, and 2010. Administrative expenses were comparable in 2012 and 2011, as cost savings from restructuring initiatives and other factors (approximately 5 percentage points) were offset by higher compensation and benefit costs (approximately 2 percentage points) and higher general administrative costs and inflation (approximately 3 percentage points). Administrative expenses increased by 1% in 2011 from 2010 primarily due to an increase in pension and health care benefit costs (approximately 2 percentage points); the impact of currency (approximately 2 percentage points); and costs associated with the corporate headquarters facility (approximately 1 percentage point), partially offset by lower compensation costs (approximately 2 percentage points) and cost management efforts and other factors (approximately 2 percentage points).

Research and Development Expenses

Research and development expenses decreased $4 million or 3% in 2012 from 2011. The decrease was primarily due to cost savings initiatives and other factors (approximately 6 percentage points), partially offset by higher costs associated with product innovation in North America and the Asia Pacific region (approximately 2 percentage points), and inflation (approximately 1 percentage point). Research and development expenses increased $6 million or 5% in 2011 from 2010. The increase was primarily due to costs associated with an ongoing initiative to simplify the soup-making process and product innovation in North America (approximately 2 percentage points); costs associated with a global baked snacks initiative (approximately 2 percentage points), and the impact of currency (approximately 2 percentage points), partly offset by cost savings initiatives (approximately 1 percentage point).

Other Expenses/(Income)

Other expense in 2012 included a $3 million impairment charge associated with the Blå Band trademark used in the International Simple Meals and Beverages segment. The charge was recorded as a result of the company's annual review of intangible assets. See Note 4 to the Consolidated Financial Statements. Other expense in 2012 also included $5 million of transaction costs associated with the acquisition of Bolthouse Farms. See Note 19 to the Consolidated Financial Statements.

Other expense in 2011 included a $3 million impairment charge associated with the Heisse Tasse trademark used in the International Simple Meals and Beverages segment. The charge was recorded as a result of the company's annual review of intangible assets. See Note 4 to the Consolidated Financial Statements.

Operating Earnings

Segment operating earnings decreased 8% in 2012 from 2011 and decreased 1% in 2011 from 2010.

An analysis of operating earnings by segment follows:

				% Change	
	2012	2011	2010	2012/2011	2011/2010
	(Millions)				
U.S. Simple Meals	$658	$657	$737	—	(11)
Global Baking and Snacking	315	355	322	(11)	10
International Simple Meals and Beverages	153	185	161	(17)	15
U.S. Beverages	134	182	206	(26)	(12)
North America Foodservice	85	82	55	4	49
	1,345	1,461	1,481	(8)	(1)
Unallocated corporate expenses	(123)	(119)	(121)		
Restructuring charges(1)	(10)	(63)	(12)		
Earnings before interest and taxes	$1,212	$1,279	$1,348		

(1) See Note 6 to the Consolidated Financial Statements for additional information on restructuring charges.

Earnings from U.S. Simple Meals in 2012 and 2011 were comparable, as earnings gains in U.S. Soup were mostly offset by declines in U.S. Sauces. For the segment, higher selling prices, productivity improvements and lower promotional spending were mostly offset by lower volumes and cost inflation.

Earnings from U.S. Simple Meals decreased 11% in 2011 versus 2010. The decline was primarily due to lower sales and a reduced gross margin percentage, partially offset by lower marketing and selling expenses. In the first half of 2011, in response to the overall competitive environment, the company maintained higher levels of promotional support, which did not deliver anticipated volume gains.

Earnings from Global Baking and Snacking decreased 11% in 2012 versus 2011 primarily due to cost inflation, increased promotional spending and higher advertising expense, partly offset by higher selling prices and productivity improvements. Promotional spending was increased to support the businesses.

Earnings from Global Baking and Snacking increased 10% in 2011 versus 2010. The increase was primarily due to the impact of currency and volume-driven growth in both Pepperidge Farm and Arnott's.

Earnings from International Simple Meals and Beverages decreased 17% in 2012 versus 2011. The decrease in operating earnings was primarily due to lower earnings in the Asia Pacific region and Canada, and increased costs associated with the company's market expansion in China.

Earnings from International Simple Meals and Beverages increased 15% in 2011 versus 2010. The increase was primarily due to growth in the Asia Pacific region, the impact of currency and reduced investment in Russia.

Earnings from U.S. Beverages decreased 26% primarily due to cost inflation, increased promotional spending and advertising expense, partly offset by productivity improvements.

Earnings from U.S. Beverages decreased 12% in 2011 versus 2010 primarily due to increased promotional spending.

Earnings from North America Foodservice increased 4% due to higher selling prices and productivity improvements, partially offset by cost inflation.

Earnings from North America Foodservice increased to $82 million in 2011 from $55 million in 2010 primarily due to reduced promotional spending, productivity improvements in excess of inflation, and lower administrative expense.

Interest Expense/Income

Interest expense decreased to $114 million in 2012 from $122 million in 2011, primarily due to lower interest rates on fixed-rate debt. Interest income decreased to $8 million in 2012 from $11 million in 2011 primarily due to lower levels of cash and cash equivalents.

Interest expense increased to $122 million in 2011 from $112 million in 2010 primarily due to an increase in fixed-rate debt and higher debt levels. Interest income increased to $11 million in 2011 from $6 million in 2010 primarily due to higher levels of cash and cash equivalents.

Taxes on Earnings

The effective tax rate was 30.9% in 2012, 31.3% in 2011, and 32.0% in 2010. The reduction in the effective tax rate in 2012 from 2011 was primarily due to lower tax expense associated with the repatriation of foreign earnings in 2012. The reduction in the effective tax rate in 2011 from 2010 was primarily due to $10 million of deferred tax expense recognized in 2010 as a result of the enactment of U.S. health care legislation. The law changed the tax treatment of subsidies to companies that provide prescription drug benefits to retirees. The company recorded the adjustment to reduce the value of the deferred tax asset associated with the subsidy.

Restructuring Charges

2011 Initiatives

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. Details of the initiatives 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.
- In connection with exiting the Russian market, the company has eliminated approximately 50 positions. The exit process commenced in 2011 and was substantially completed in 2012.

In 2012, the company recorded a restructuring charge of $10 million ($6 million after tax or $.02 per share) related to these initiatives. In 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 July 29, 2012	Remaining Costs to be Recognized
Severance pay and benefits	$43	$(41)	$2
Asset impairment/accelerated depreciation	23	(23)	—
Other exit costs	9	(9)	—
Total	$75	$(73)	$2

Of the aggregate $75 million of pre-tax costs, the company expects approximately $50 million will be cash expenditures, the majority of which was spent in 2012. In addition, the company expects to invest approximately $40 million in capital expenditures in connection with the actions, of which approximately $18 million has been invested as of July 29, 2012. The remaining 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.

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 $32 million; Global Baking and Snacking $15 million; International Simple Meals and Beverages $18 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.

2008 Initiatives

On April 28, 2008, the company announced a series of initiatives to improve operational efficiency and long-term profitability, including selling certain salty snack food brands and assets in Australia, closing certain production facilities in Australia and Canada, and streamlining the company's management structure.

As a result of these initiatives, in 2010, the company recorded a restructuring charge of $12 million ($8 million after tax or $.02 per share) for pension benefit costs, which represented the final costs associated with the 2008 initiatives. These costs related to the International Simple Meals and Beverages segment.

See Note 6 to the Consolidated Financial Statements for additional information.

Recent Development - 2013 Initiatives

On September 27, 2012, the company announced several initiatives to improve its U.S. supply chain cost structure and increase asset utilization across its U.S. thermal plant network. The initiatives include closing the company's Sacramento, California, thermal plant, which produces soups, sauces and beverages, and the company's South Plainfield, New Jersey, spice plant, which supplies ingredients to the company's U.S. thermal plants. As a result of the initiatives, the company expects to incur pre-tax costs of approximately $115 million, most of which will be incurred in 2013. The company also expects to invest approximately $27 million in capital expenditures, primarily to relocate and refurbish a beverage filling and packaging line. For additional information relating to the initiatives, see Note 19 to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The company expects that foreseeable liquidity and capital resource requirements, including cash outflows to repay debt, 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. Over the last three years, operating cash flows totaled approximately $3.3 billion. This cash-generating capability provides the company with substantial financial flexibility in meeting its operating and investing needs. 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 $1.120 billion in 2012, compared to $1.142 billion in 2011. The decline was primarily due to lower cash earnings, partially offset by lower pension contributions in 2012.

The company generated cash from operations of $1.142 billion in 2011, compared to $1.057 billion in 2010. The increase was primarily due to lower pension contributions and higher cash earnings, partially offset by higher working capital requirements.

Capital expenditures were $323 million in 2012, $272 million in 2011 and $315 million in 2010. Capital expenditures are expected to total approximately $330 million in 2013, including Bolthouse Farms projects. Capital expenditures in 2012 included the packing automation and capacity expansion projects at one of the company’s Australian biscuit plants (approximately $32 million), an advanced planning system in North America (approximately $14 million), capacity expansion at Pepperidge Farm (approximately $18 million), the ongoing initiative to simplify the soup-making process in North America (also known as the soup common platform initiative) (approximately $17 million), continued enhancement of the company's corporate headquarters (approximately $11 million), and Pepperidge Farm's 34,000-square-foot innovation center (approximately $20 million). Capital expenditures in 2011 included the expansion of beverage capacity (approximately $6 million); the ongoing implementation of SAP (approximately $13 million); expenditures at the company's corporate headquarters (approximately $6 million); Pepperidge Farm's new 34,000-square-foot innovation center (approximately $5 million); expansion of Pepperidge Farm's production capacity (approximately $5 million) and a number of infrastructure projects in the U.S. supply chain (approximately $31 million). Capital expenditures in 2010 included expansion and enhancements of the company's corporate headquarters (approximately $36 million); expansion of Arnott's production capacity (approximately $21 million); the ongoing implementation of SAP in Australia and New Zealand (approximately $15 million) and expansion of Pepperidge Farm's production capacity (approximately $14 million).

Long-term borrowings in 2011 included the issuance in April of $500 million of 4.25% notes that mature in April 2021. Long-term borrowings in 2010 included the issuance in July of $400 million of 3.05% notes that mature in July 2017. The net proceeds from these issuances were used for the repayment of commercial paper borrowings and for other general corporate purposes.

Dividend payments were $373 million in 2012, $378 million in 2011, and $365 million in 2010. Annual dividends declared in 2012 were $1.16 per share, $1.145 per share in 2011 and $1.075 per share in 2010. The 2012 fourth quarter rate was $0.29 per share.

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 13 million shares at a cost of $412 million during 2012. Approximately $250 million was used to repurchase shares pursuant to the company's June 2011 publicly announced share repurchase program. Approximately $750 million remained available under the June 2011 repurchase program as of July 29, 2012. This program has no expiration date, although the company suspended purchases under this program in July 2012. In addition to the June 2011 publicly announced share repurchase program, 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 "Market for Registrant's Capital Stock, Related Shareowner Matters and Issuer Purchases of Equity Securities" for more information.

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 21 million shares at a cost of $728 million during 2011. Approximately $550 million was used to repurchase shares pursuant to the company's June 2008 publicly announced share repurchase program. Under this program, the company's Board of Directors authorized the purchase of up to $1.2 billion of company stock through the end of 2011. This program was completed in 2011. In addition to the June 2008 publicly announced share repurchase program, the company also purchased shares to offset the impact of dilution from shares issued under the company's stock compensation plans.

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 14 million shares at a cost of $472 million during 2010. Approximately $250 million was used to repurchase shares pursuant to the company's June 2008 publicly announced share repurchase program. In addition to the June 2008 publicly announced share repurchase program, the company also purchased shares to offset the impact of dilution from shares issued under the company's stock compensation plans.

At July 29, 2012, the company had $786 million of short-term borrowings due within one year and $47 million of standby letters of credit issued on behalf of the company. At that date, the company had a $500 million credit facility that matured in September 2012, and a $1.5 billion facility that matures in September 2016. These facilities remained unused at July 29, 2012, except for $3 million of standby letters of credit issued on behalf of the company. In September 2012, the company entered into a $500 million committed revolving credit facility that matures in September 2016, replacing the $500 million credit facility that matured in September 2012. These revolving credit agreements support the company's commercial paper programs and other general corporate purposes.

As previously disclosed, on August 6, 2012, the company completed the acquisition of Bolthouse Farms for $1.55 billion in cash, subject to customary purchase price adjustments. The acquisition was funded through a combination of short- and long-term borrowings. Approximately $300 million was funded through the issuance of commercial paper. The terms of long-term borrowings, which were issued on August 2, 2012 to fund the transaction, were as follows:

- $400 million floating rate notes that mature on August 1, 2014. Interest on the notes is based on 3-month U.S. dollar LIBOR plus 0.30%. Interest is payable quarterly beginning November 1, 2012;
- $450 million of 2.50% notes that mature on August 2, 2022. Interest is payable semi-annually beginning February 2, 2013. The company may redeem the notes in whole or in part at any time at a redemption price of 100% of the principal amount plus accrued interest or an amount designed to ensure that the note holders are not penalized by the early redemption; and

- $400 million of 3.80% notes that mature on August 2, 2042. Interest is payable semi-annually beginning February 2, 2013. The company may redeem the notes in whole or in part at any time at a redemption price of 100% of the principal amount plus accrued interest or an amount designed to ensure that the note holders are not penalized by the early redemption.

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 replaced 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.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

Contractual Obligations

The following table summarizes the company’s obligations and commitments to make future payments under certain contractual obligations as of July 29, 2012. For additional information on debt, see Note 11 to the Consolidated Financial Statements. Operating leases are primarily entered into for warehouse and office facilities and certain equipment. Purchase commitments represent purchase orders and long-term purchase arrangements related to the procurement of ingredients, supplies, machinery, equipment and services. These commitments are not expected to have a material impact on liquidity. Other long-term liabilities primarily represent payments related to deferred compensation obligations. For additional information on other long-term liabilities, see Note 17 to the Consolidated Financial Statements.

	Contractual Payments Due by Fiscal Year				
	Total	2013	2014 - 2015	2016 - 2017	Thereafter
	(Millions)				
Debt obligations(1)	$2,782	$782	$600	$400	$1,000
Interest payments(2)	535	97	143	129	166
Purchase commitments	915	612	128	79	96
Operating leases	199	42	55	42	60
Derivative payments(3)	83	37	46	—	—
Other long-term liabilities(4)	145	—	38	31	76
Total long-term cash obligations	$4,659	$1,570	$1,010	$681	$1,398

(1) Excludes unamortized net discount/premium on debt issuances and amounts related to interest rate swaps designated as fair-value hedges. For additional information on debt obligations, see Note 11 to the Consolidated Financial Statements.

(2) Interest payments for short-term borrowings are calculated based on par values and rates of contractually obligated issuances at fiscal year end. Interest payments on long-term debt are based on principal amounts and fixed coupon rates at fiscal year end.

(3) Represents payments of cross-currency swaps, forward exchange contracts, commodity contracts, and deferred compensation hedges. Contractual payments for cross-currency swaps represent future undiscounted cash payments based on forward interest and foreign exchange rates.

(4) Represents other long-term liabilities, excluding unrecognized tax benefits, postretirement benefits and payments related to pension plans. For additional information on pension and postretirement benefits, see Note 9 to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements and Other Commitments

The company guarantees approximately 2,000 bank loans to Pepperidge Farm independent sales distributors by third-party financial institutions used to purchase distribution routes. The maximum potential amount of the future payments the company could be required to make under the guarantees is $164 million. The company’s guarantees are indirectly secured by the distribution routes. The company does not believe that it is probable that it will be required to make guarantee payments as a result of defaults on the bank loans guaranteed. See also Note 16 to the Consolidated

Financial Statements for information on off-balance sheet arrangements.

INFLATION

Since 2010, the company has experienced inflationary increases primarily in commodity costs. The company continues to use a number of strategies to mitigate the effects of cost inflation including increasing prices, commodity hedging and pursuing cost productivity initiatives such as global procurement strategies and capital investments that improve the efficiency of operations.

MARKET RISK SENSITIVITY

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. 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. International operations, which accounted for approximately 30% of 2012 net sales, are concentrated principally in Australia, Canada, France, Germany and Belgium. The company manages its foreign currency exposures by borrowing in various foreign currencies and utilizing cross-currency swaps and forward contracts. Cross-currency swaps and forward contracts are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures. The company does not enter into contracts for speculative purposes and does not use leveraged instruments.

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, options and swap contracts to reduce the volatility of price fluctuations of diesel fuel, soybean oil, aluminum, wheat, natural gas and cocoa, which impact the cost of raw materials.

The information below summarizes the company’s market risks associated with debt obligations and other significant financial instruments as of July 29, 2012. Fair values included herein have been determined based on quoted market prices or pricing models using current market rates. The information presented below should be read in conjunction with Notes 11 through 13 to the Consolidated Financial Statements.

The table below presents principal cash flows and related interest rates by fiscal year of maturity for debt obligations. Interest rates disclosed on variable-rate debt maturing in 2012 represent the weighted-average rates at the period end. Notional amounts and related interest rates of interest rate swaps are presented by fiscal year of maturity. For the swaps, variable rates are the weighted-average forward rates for the term of each contract.

	Expected Fiscal Year of Maturity							
	2013	2014	2015	2016	2017	Thereafter	Total	Fair Value
	(Millions)							
Debt[1]								
Fixed rate	$400	$300	$300	$—	$400	$1,000	$2,400	$2,663
Weighted-average interest rate	5.00 %	4.88 %	3.38 %	— %	3.05 %	5.25 %	4.56 %	
Variable rate[2]	$382						$382	$382
Weighted-average interest rate	0.72 %						0.72 %	
Interest Rate Swaps								
Fair-value swaps								
Fixed to variable	$300	$200					$500	$13
Average pay rate	1.16 %	0.89 %					1.05 %	
Average receive rate	5.00 %	4.88 %					4.95 %	
Cash-flow swaps								