

THOMSON REUTERS STREETEVENTS

# EDITED TRANSCRIPT

CPB - Q1 2013 Campbell Soup Company Earnings Conference Call

EVENT DATE/TIME: NOVEMBER 20, 2012 / 3:00PM GMT

## OVERVIEW:

CPB reported 1Q13 net sales of \$2.3b and adjusted EPS of \$0.88. Expects FY13 sales to grow 10-12% and adjusted EPS to grow 3-5%.



## CORPORATE PARTICIPANTS

**Jennifer Driscoll** *Campbell Soup Company - VP of IR*  
**Denise Morrison** *Campbell Soup Company - President & CEO*  
**Craig Owens** *Campbell Soup Company - SVP, CFO & CAO*  
**Anthony DiSilvestro** *Campbell Soup Company - SVP - Finance*

## CONFERENCE CALL PARTICIPANTS

**Andrew Lazar** *Barclays Capital - Analyst*  
**Ed Aaron** *RBC Capital Markets - Analyst*  
**Jason English** *Goldman Sachs - Analyst*  
**David Driscoll** *Citigroup - Analyst*  
**Alexia Howard** *Sanford Bernstein - Analyst*  
**Matt Grainger** *Morgan Stanley - Analyst*  
**David Palmer** *UBS - Analyst*  
**Chris Growe** *Stifel Nicolaus - Analyst*  
**Eric Katzman** *Deutsche Bank - Analyst*  
**Jonathan Feeney** *Janney Montgomery Scott - Analyst*  
**Bryan Spillane** *BofA Merrill Lynch - Analyst*  
**Ken Goldman** *JPMorgan - Analyst*  
**Thilo Wrede** *Jefferies & Co. - Analyst*  
**Rob Moskow** *Credit Suisse - Analyst*  
**Diane Geissler** *Credit Agricole Securities - Analyst*  
**Akshay Jagdale** *KeyBanc Capital Markets - Analyst*

## PRESENTATION

### Operator

Good day, ladies and gentlemen, and welcome to the Campbell Soup first-quarter earnings conference call. At this time all lines are in a listen-only mode. Later we will conduct a question-and-answer session and instructions will be given at that time. (Operator Instructions). As a reminder, today's conference call is being recorded. I would now like to turn the conference over to your host, Jennifer Driscoll, Vice President Investor Relations. Please begin.

---

**Jennifer Driscoll** - *Campbell Soup Company - VP of IR*

Thank you. Good morning, everyone; welcome to the first-quarter earnings call and webcast for Campbell Soup Company. With me here in New Jersey today are Denise Morrison, President and CEO; Craig Owens, Senior Vice President, CFO and Chief Administrative Officer; and Anthony DiSilvestro, Senior Vice President of Finance; as well as Stephanie Varnum, Senior Manager of Investor Relations.



Denise will kick us off today with a strategic update, a few thoughts on Hurricane Sandy, the highlights of results for the first quarter and a few comments on the year. Then Craig will offer his take on the quarter, including our segment results and then our guidance. After we take your questions, Denise will make a few closing remarks.

As usual we have created slides to accompany our earnings presentation. You will find the slides posted on our website this morning at [investor.campbellsoupcompany.com](http://investor.campbellsoupcompany.com). Please keep in mind that this call is open to members of the media who are participating in listen-only mode.

As a reminder, our presentation today includes forward-looking statements which reflect the Company's current expectations about future plans and performance. These forward-looking statements rely on a number of assumptions and estimates which could be inaccurate and are subject to inherent risks.

Please refer to slide 3 in the presentation or to the Company's most recent Form 10-K and subsequent SEC filings for a list of the factors that could cause our actual results to vary materially from those anticipated in any forward-looking statements that we might make.

As you know, Campbell completed the acquisition of Bolthouse Farms on August 6, one week into the quarter. The acquisition is now included in our results and it drove most of the year-over-year changes in the first quarter. The quarter also includes \$10 million in transaction costs related to the acquisition which are included in our reported results.

On September 27 we announced a \$115 million restructuring program designed to improve our US supply chain cost structure. Our first-quarter reported results reflect \$43 million of costs associated with that restructuring program. Our remarks today for the balance of our presentation will be on an adjusted basis including Bolthouse Farms' operating results for 12 of the 13 weeks of the quarter but excluding the transaction costs and the restructuring charges.

Since our presentation includes non-GAAP measures as defined by SEC rules, we've provided a reconciliation of the measures to the most directly comparable GAAP measures as an appendix to the slides accompanying our presentation. These slides, along with our earnings release and selected quarterly financials, also can be found on our website and one other place.

One last item -- to make it easier for our iPad and iPhone users to follow Campbell, we have made available to you in the Apple App Store and Google Play Market a new app for viewing Campbell news releases, SEC filings and more on smaller screens. You need to have iTunes installed, but the cost is reasonable, zero. Just search for CampbellIR.

We'd love to hear your input on your experience with it as we continue to be interested in improving the way we communicate with you. And with that, now let me turn the call over to Denise.

---

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

Good morning, everyone, and thanks for joining us for Campbell's first-quarter earnings call. A few months ago I marked a year as the CEO of this great Company. We have committed ourselves to focus forward relentlessly on a new strategic vision that is centered on driving sustainable profitable net sales growth.

Our three growth strategies are focused on accelerating the momentum of our existing businesses and extending our platforms into new higher growth segments and geographies. We are working diligently to be a more agile and innovative company that is resolutely focused on the consumer, a company that better satisfies the needs of our core baby boomer consumers and is also responsive to new consumer needs, to demographic and generational change, to the increased demand for fresh foods, to the explosion of digital and social media and to the evolving global culture of food.

We know we are witnessing major shifts in the drivers of consumer choice and at Campbell our rallying cry is consumer first. We recently added some wonderful new talent to our senior leadership team. Mike Senackerib was appointed Campbell's first Chief Marketing Officer. Mike will work to build our brand and product equities globally and enhance our marketing capabilities, particularly in the digital space.

We also announced that Luca Mignini will be our new President of International. Luca has deep experience in Asia, Latin America and Europe and will lead the expansion of our international footprint in faster growing categories and in faster growing geographies.

We are not yet a different company, but we are thinking very differently about Campbell's future than we did a year ago. In fiscal 2013 we told you that we expect to return to growth in our base business; the addition of Bolthouse Farms will continue to contribute to both our top-line and our bottom-line growth. And we are acutely aware of the work we must do now to deliver our long-term sales and earnings targets on a sustainable basis.

Before I talk about our results for the first quarter I would like to make a few comments about Hurricane Sandy. First, to everyone on this call who was affected by the storm or whose family was affected, please know that our thoughts are with you and with all that are working to restore ravaged communities.

Our world headquarters in New Jersey and Pepperidge Farm in Connecticut were closed for two days. Many of our employees suffered property damage and were displaced due to loss of power. Scores of residents in our local communities still have needs for food, clothing and shelter.

I am very proud of the many Campbell employees who stepped up to volunteer. In addition to making financial contributions to the Red Cross, the New Jersey Governor's Relief Fund and the special United Way Hurricane Fund, we have shipped products to numerous food banks and relief organizations.

During the storm we supported our customers with extra merchandise and hurricane pallets. Our Pepperidge Farm distributors were in stores 24/7 replenishing bread and snacks. And we did see a very small benefit in soup during the last few days of October, but it was not material to the quarter.

This is not about business, it's about people. And in the aftermath of Hurricane Sandy I saw what I have seen many times before, that the special quality of the Campbell Soup Company is its heart.

Turning now to business, this morning I will offer my perspective on our progress as we execute our three growth strategies -- to stabilize and profitably grow North America Soup and Simple Meals; expand our international presence; and grow faster in healthy beverages and baked snacks.

Our new fiscal year is off to a solid start and we are encouraged by the progress we've made on advancing our growth strategies. Our US Soup and Simple Meals business delivered solid results with sales up 3% and operating earnings up 5% as we continue to optimize execution across all of the drivers of consumer demand.

In the quarter we reduced advertising spending according to the plans we outlined at our analyst meeting in July. Our advertising spending remained at competitive levels as we continued to run our effective It's Amazing What Soup Can Do campaign for condensed soup and introduce new advertising for Campbell's Chunky RTS soup. That campaign returns Chunky to its NFL roots with Victor Cruz of the New York Giants demonstrating that Chunky fills you up right.

Ready to serve soups, condensed cooking soups and broths all performed well in the quarter. We also successfully executed our previously announced price increase on condensed soup. It is too early to judge our breakthrough innovation, particularly our Campbell's Go Soups and Campbell's Skillet Sauces, but these launches are showing good retail acceptance.

This is the start of strategic innovation platforms for Campbell that we will build over time. These products are outcomes of a re-engineered innovation process to accelerate our speed to market. They feature contemporary packaging and offer new global taste aimed at attracting new consumers or serving new occasions.

As I stated before, customers have been very supportive of these new products and the many innovations in our base business. We introduced more than 50 new products this year in US Soup and Simple Meals, up from three just three years ago.

While we continue to make important strides in US Soup and Simple Meals, we are not breaking out the Champagne yet. We are encouraged, but we have more work to do on this large and important business.

Bolthouse Farms had a very good quarter with growth in all three of its categories -- beverages, salad dressings and carrots. The new beverage products introduced last spring, including Coffee Protein Plus, Orange and Carrot and Fresh Nog -- yes, without the egg -- are all achieving distribution targets. As we stated, we are operating Bolthouse Farms as a separate business unit and our integration of corporate services such as finance and legal is on track.

Pepperidge Farm had positive sales in the crackers business driven by Goldfish and new Jingos, partly offset by declines in cookies and bakery. We did have a strong October with solid plans going forward for the holidays. Be on the lookout for Goldfish Fin and Friends in the Macy's Thanksgiving Day Parade.

Our business in Asia Pacific returned to growth this quarter with Australia stabilizing and Indonesia posting double-digit sales gains. In Australia, a refocus on core brands and better joint business plans with our customers have helped results despite a challenging retail and consumer environment. In international we continue to enjoy momentum in emerging markets with sales gains in Malaysia and Mexico.

Parts of our business continued to present challenges in quarter one. US beverage sales declined 5%. Despite easing inflation we did not return to EBIT growth. We are rebalancing our consumer marketing towards the base V8 Red and V8 V-Fusion business, introducing new advertising and prioritizing our innovation on the highest potential product platforms, energy and kids' juice boxes. We do have positive momentum on V8 Splash.

In North America Foodservice our retail fresh soups grew while our traditional foodservice business did not. In addition, Europe had subpar performance albeit in a difficult environment.

Notwithstanding some challenges, overall our quarter one results have enabled us to reaffirm our annual guidance of net sales growth plus 10% to 12%, adjusted EBIT growth plus 4% to 6% and adjusted EPS growth plus 3% to 5%. As we've stated before, we anticipate returning to positive organic growth on the base business but expect to be below our long-term targets this year.

Now I will turn it over to Craig for a discussion of our segment results.

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

Thanks, Denise. Good morning, everybody. I will spend a few minutes discussing our first-quarter results and segment highlights followed by comments on our full-year sales and earnings guidance. As Jennifer referenced, my discussion results will exclude the impact of the restructuring charge as well as transaction cost associated with the Bolthouse Farms acquisition.

So, for the quarter we reported net sales of \$2.3 billion, an 8% increase from the first quarter of 2012. Excluding the impact of currency in the Bolthouse Farms acquisition organic net sales increased by 1% in the quarter. Excluding restructuring costs and acquisition transaction costs adjusted EBIT increased 5% to \$438 million.

Of the adjusted EBIT increase, 3 points came from adding Bolthouse and 2 points came from growth in the base business primarily driven by US Simple Meals. Adjusted earnings per share were \$0.88 this quarter, a 7% increase from the first quarter of 2012.

On slide 22 you see that Bolthouse Farms contributed 8 points to sales growth while currency subtracted 1 point due to the euro weakening against the US dollar; organic sales increased 1% as pricing contributed 2 points and promotional spending subtracted 1 point. The pricing gains reflected increases on condensed soup in the US and across our Baking and Snacking segment.

The promotional spending variance was primarily related to Global Baking and Snacking. We continued to invest to remain competitive in our Arnott's and Pepperidge Farm businesses.

Our adjusted gross margin percentage declined by 160 basis points to 37.9% from 39.5%. The decline was primarily attributable to the impact of the acquisition of Bolthouse Farms which operates at a lower gross margin structure. The inflation rate and cost of goods sold was approximately 4% which is in line with our expectation for the full year.

Marketing and selling expenses decreased 3% to \$254 million; advertising and consumer promotion expense declined by 15%. The primary cause of the declines was our planned reduction in advertising and consumer promotion expenses in the US Soup business partly offset by the impact of adding Bolthouse Farms. Although US soup advertising and consumer promotion expenses declined compared with the prior year, we are maintaining competitive levels of support on the base business while investing behind our new launches.

Administrative expenses for the quarter increased by \$17 million due to adding Bolthouse and incurring higher compensation and benefit costs including the expected increases in pension expense.

Below the operating earning lines, net interest expense increased 18% or \$5 million. The increase was due to a higher level of debt to fund the acquisition of Bolthouse, partly offset by lower rates on the debt portfolio.

The adjusted tax rate declined by 60 basis points to 31.6% from 32.2% in the prior year due to the favorable settlement of a US state tax matter. With the lower tax rate offsetting increased interest expense, adjusted net earnings increased 5% this quarter. Adjusted earnings per share benefited from fewer shares outstanding and grew by 7%.

First-quarter segment sales and the corresponding organic growth rates are shown on the next slide. Sales of US Simple Meals increased by 3% with gains in both US Soup and US Sauces. US Soup sales rose 2% driven by gains in broth and ready-to-serve soup, partially offset by a decline in condensed soup. US Sauce sales grew 4%, primarily driven by strong gains in Prego pasta sauce, the launch of Campbell Skillet Sauces and the growth of Pace Mexican sauce. These gains were partly offset by lower sales of gravy.

Global Baking and Snacking sales increased by 1% fueled by gains in Pepperidge Farm and Arnott's. Pepperidge Farm sales increased on the strength of another solid quarter of growth in Goldfish snack crackers and by the launch of Jingos. Pepperidge had sales declines in cookies and bakery. Sales in Arnott's increased primarily due to double-digit gains in Indonesia; biscuit sales in Australia were comparable to the prior year.

Organic sales for International Simple Meals and Beverages increased by 2%. Higher sales in the Asia-Pacific region, Latin America and Canada were partially offset by declines in Europe. In Canada, higher selling prices contributed to sales growth and in Europe, lower sales in Germany were partially offset by higher sales in France. In Asia-Pacific sales increased due to the strong growth in Japan and Malaysia.

Our Bolthouse Farms and Foodservice reporting segment now includes the recently acquired Bolthouse business along with North American Foodservice, which had been reported separately. Of the segment's \$323 million in sales for the quarter Bolthouse contributed \$171 million.

Organic sales, excluding the acquisition and currency impact, declined by 6%. This decrease in North American Foodservice sales was primarily due to declines in frozen and canned soup sales, partially offset by volume driven gains in fresh chilled soup sold at retail.

US Beverage sales decreased by 5% in the quarter. The decrease was due to declines in V8 vegetable juice and V8 V-Fusion beverages, partially offset by an increase in V8 Splash. The decrease in V8 V-Fusion was primarily due to declines in the existing base business partially offset by growth in new products, including energy drinks and juice boxes.

Operating earnings for Simple Meals rose by 5% to \$274 million this quarter, the increase reflects earnings gains in US Soup partly offset by a decline in US Sauce. Within the segment the benefits from productivity improvements, higher selling prices net of related volume impacts and lower marketing expense were partly offset by cost inflation.

Earnings of Global Baking and Snacking declined by 3%, reflecting lower earnings in both Arnott's and Pepperidge Farm. Both businesses were negatively impacted by increased promotional spending as we continue to invest in highly competitive markets.



Within International Simple Meals and Beverages earnings increased by 9% largely driven by growth in Asia Pacific and Canada. Earnings in Europe declined. For the segment the increase in operating earnings was primarily driven by organic sales gains and an increase in gross margin percentage.

Operating earnings within the Bolthouse and Foodservice segment increased by 26% or \$7 million. The increase included \$14 million from the addition of Bolthouse Farms and a decrease in earnings from North American Foodservice. Operating earnings for US Beverages were comparable to the prior year as the impact of lower volume was offset by lower advertising and consumer promotion expense.

US Soup sales for the quarter increased by 2%; consumer takeaway in the quarter was down about 1%. Ready-to-serve soups and broth sales benefited from movements in customer inventory levels reflecting accelerated merchandising activity for the quarter.

Sales in condensed soup declined by 1% as declines in eating varieties were only partly offset by gains in cooking varieties. Our pricing in response to inflation in condensed soup has not resulted in any unexpected volume pressure.

RTS soup sales increased by 4%; volume driven gains in Campbell's Chunky canned soups were partially offset by declines in microwavable soups. Campbell's Go soups launched this quarter added to the sales growth. Broth sales grew 9%, primarily due to volume driven gains in both the aseptically packaged and canned broths.

Slide 29 is a look at US retail sales of wet soup for the last 52 weeks based on Symphony IRI multi-outlet data. The US wet soup category rose by 0.5% in the last 52 weeks. Campbell soup sales for the same period declined 2.7%, this performance compares with a gain of 8.4% for other branded players and flat results for private label. Campbell maintained a strong leadership position with a market share of 58.7% for the year. Private label players held their share while other branded players gained share.

Cash flow from operations was \$81 million compared with \$73 million in the prior year period. Capital expenditures of \$41 million were up from \$35 million a year ago. For the year we continue to forecast capital spending of approximately \$333 million including spending at Bolthouse Farms.

As we previously announced, we suspended the strategic share repurchase program so that we can use our cash flow to reduce the debt we incurred to finance the Bolthouse acquisition. However, we continue to repurchase sufficient shares to offset dilution from equity compensation programs. Net debt rose to \$4.1 billion, an increase of \$1.4 billion due to the acquisition.

This morning we confirmed our fiscal 2013 guidance. I'd like to point out that as we look at the progression of the year we believe that the second-quarter profitability could be negatively impacted by the fact that we are exiting the first quarter with high soup inventories due to strong holiday sell in and by a planned increase in marketing support for new products, notably Campbell's Go soup and Campbell's Skillet Sauces. As a result, EPS for the second quarter is likely to lag our full-year guidance growth rate.

We continue to expect to grow sales for the year between 10% and 12% with adjusted EBIT growth of 4% to 6% and adjusted EPS growth of 3% to 5%. Within these ranges, currency is expected to be neutral to slightly negative. We expect interest expense to increase approximately \$30 million primarily due to the acquisition financing and the tax rate to be between 31% and 32%.

As we mentioned, we completed the acquisition of Bolthouse Farms this quarter and financed the purchase with debt. Our guidance includes the estimated impact of the Bolthouse business and excludes the impact of one-time acquisition transaction costs and also the costs associated with our recently announced restructuring program.

We expect the acquisition to contribute approximately \$750 million to sales and to add \$0.05 to \$0.07 to our adjusted EPS, including the impact of suspending our strategic share repurchases.

Thank you and, with that, I will turn it back to Jennifer now.



**Jennifer Driscoll** - *Campbell Soup Company - VP of IR*

Thank you, Craig. At this time we will conduct a Q&A session. We'd like to request that callers limit themselves to one question apiece, but stay on the line in case clarifications are needed. This way we hope to respond to more callers.

---

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions). Andrew Lazar, Barclays.

---

**Andrew Lazar** - *Barclays Capital - Analyst*

I just wanted to drill down a little bit on some of the commentary, Craig, around the inventory or the accelerated inventory levels. Just want to be clear. Was that, I guess, part of the plan in your first quarter obviously to ship in a little more aggressively maybe than last year such that you're ready to go for your merchandising plans?

And I guess if we were to think about the fiscal first half, as opposed to just the first quarter versus the second, how should we think about your expectation for soup sales maybe on that kind of a basis?

---

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

Yes, I think you are hitting it right, Andrew, by focusing on the first half. The acceleration in inventory coming out of the quarter was due to our holiday sell in for November and December. Some retailers are shipped earlier this year than last year. We are encouraged, though, by the strong merchandising plans that we have and it's also been rotated amongst different brands.

So coming into the quarter we had a higher level of inventory, we maintained that, and so coming out of the quarter we are still at those levels. So we just wanted to manage people's expectations for the half.

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

Part of it, Andrew, is just the calendar, right. We have an earlier Thanksgiving this year, and so I think retailers have just been a little bit ahead of the curve and maybe a little bit of the storm impact too which fell right at the end of the quarter.

---

**Andrew Lazar** - *Barclays Capital - Analyst*

Got it. Is your hope that through the first half that we would see soup sales in positive territory? Or is it just still -- I mean the second quarter is obviously huge from that perspective -- from a takeaway standpoint.

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

Right. We don't forecast, as you know, soup sales separately. But we are happy with the start that we are off to.

---

**Andrew Lazar** - *Barclays Capital - Analyst*

Thanks very much.



**Operator**

Ed Aaron, RBC Capital Markets.

---

**Ed Aaron** - *RBC Capital Markets - Analyst*

So I wanted to ask about the A&C spending in the quarter, I guess I didn't fully appreciate how much it might be down in Q1. Can you tell us if that was fully planned?

And then as kind of a broader follow-up question to that, some of food companies are starting to talk about shifting A&C spending back above the line just to kind of manage price points lower just given the consumer environment and I am wondering if that is a dynamic that you are expecting on some levels to happen with your business as well over the next few quarters. Thanks.

---

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

It is true, our quarter one A&C expense declined by 15% primarily due to reduced spending on US Soup and partially offset by an increase of support for new innovations. It is in the range of the plans for the full year and we did move some money into increased promotion, particularly in the bakery and the baked snacks business.

---

**Ed Aaron** - *RBC Capital Markets - Analyst*

Thank you.

---

**Operator**

Jason English, Goldman Sachs.

---

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

Lots of potential questions here; let me focus on the first baking business which I think you said was still challenged this quarter. It's an industry here in the US that's in a state of flux with one of your competitors having now suspended production distribution. How do you think about that scenario and what the implications may be for your business going forward?

---

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

Right now we are seeing in the latest two months some pressure and we are getting industry reports on that. The parts of the business that are more robust are the casual dining, healthcare and education. But overall we are not pleased with the performance of our foodservice business this quarter. Oh, I'm sorry, Jason, did you say foodservice or --?

---

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

Specifically I am asking fresh bakery implications of Hostess.

---



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

Oh, for Hostess, the bakery business? I'm sorry.

---

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

Yes, no worries.

---

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

Okay. Well, I answered another question that you might have had.

---

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

I appreciate that. It's like a two-for-one special (laughter).

---

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

There you go. We are monitoring the Hostess situation. We -- and of course our manufacturing supply chain and distributors are standing ready to ensure that customers aren't at risk for any supply interruptions caused by this. This is a business that is continuously changing through consolidation and price discounting and we just feel that we are well positioned to play in this in the part of the business that we occupy right now, which is more the upper end.

---

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

Okay. And one more if I could sneak it in. Bolthouse, I know it is still young as part of your portfolio, but it has got a unique distribution platform. Denise, can you talk to us, whether it be broad strokes or hopefully as much specificity as possible, in terms of your innovation plans and how you intend to leverage that?

---

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

Right now it is early days, but we are very pleased with the performance in all three categories of Bolthouse. And some of that growth has been driven by new innovation particularly in the beverage business, but also increased in distribution in the salad dressing business.

---

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

Great, thank you, guys. I will pass it on.

---

**Operator**

David Driscoll, Citi.

---



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

Good morning, everyone, and Happy Thanksgiving. So I wanted to ask a little bit more about condensed soup. And I wasn't sure if your inventory comments were more focused on one side or the other. But on condensed soup you had in the fourth quarter I think it was a -- the fourth quarter -- it's always hard to interpret some of these quarters because they are not the same in terms of total volumes.

But it was like a 10% or double-digit growth in volumes last quarter and now this quarter sales are down 1%. I don't know the volumes, but is this what you're trying to lead us to where the inventories are just coming in a little bit full right now going into Q2?

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

Yes. So, David, we've actually seen a little bit of a rotation, you are exactly right. As we came out of the fourth quarter our condensed inventories were a little bit higher than normal. The good news there is that we saw good sell-through on the back-to-school and other promotional activity that had created those higher inventories. And now, as we have come more into the run up to the holiday season coming out of the first quarter, the higher inventory levels are really driven more by RTS.

So, you have had the rotation of inventory, it is not the same inventory, it is not even around the same product line, and you have got -- consequently you've got a little bit of a mix shift issue as we rotate it out of condensed and into RTS. But I think overall you can think about soup inventories continuing to be a little bit higher than normal as we come out of the quarter, but it is more RTS and broth than it is condensed.

---

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

And one quick follow-up on some of your Bolthouse comments. Was the profit contribution in the quarter kind of below normal? I.e., was purchase accounting a factor here on the inventories -- I've had a few questions from people on that this morning.

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

So, yes, purchase accounting is going to be an issue and, you are right, to point the inventories on the first year, we will run off the write-up of the purchase accounting impact on inventory. Also remember that we had one less week of Bolthouse in this first quarter than we did for the total company.

---

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

Thank you so much.

---

**Operator**

Alexia Howard, Sanford Bernstein.

---

**Alexia Howard** - *Sanford Bernstein - Analyst*

Can I just ask you to maybe elaborate a little bit on the weakness in the Beverage segment? You mentioned slackening consumer demand. I was a little surprised that that might be kicking in now rather than maybe earlier in the economic downturn. Is it something to do with pricing versus other juices or can you tell us a little bit more about what is going on there?



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

Yes, the beverage category, particularly the shelf stable juice category, has been under pressure for quite some time now and we continue to observe behavior that consumers are trading down, particularly from the 100% juice businesses that we are in.

There has been some competition that has been very price aggressive that has negatively affected our V8 vegetable juice and V8 V-Fusion. However, our V8 Splash continues to perform very well. And our new item innovations are continuing to contribute to sales growth but they haven't been sufficient enough to overcome the category weaknesses or the aggressive price pressures.

So what we are going to do about it is we are shoring up the core business with line extensions on V8 and improved Pace. We are also playing in value by pushing V8 Splash and then we are innovating in high-growth segments such as energy and kids. And we think that a combination of easing inflation and productivity improvements will help us with improved EBIT for the year. That is how we are looking at it at this point.

---

**Alexia Howard** - *Sanford Bernstein - Analyst*

Thank you very much. I will pass it on.

---

**Operator**

Matt Grainger, Morgan Stanley.

---

**Matt Grainger** - *Morgan Stanley - Analyst*

Denise, I just wanted to try and get some insight into how you are thinking about the promotional support you are putting behind soup during the soup season. And if we look at the measured channel data for Ready-to-Serve it looks like pricing is down year on year in Ready-to-Serve in recent periods and that has driven a fairly pronounced increase in volumes more recently.

Is that consistent with what you are seeing in your business? And is this any indication of a change in the way you are thinking about the optimal balance between innovation driven growth and promotion over the next few months?

---

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

We are -- again, we are optimizing all of the drivers of demand and, in addition to product and packaging, there is a merchandising factor and we are looking at each brand, given its competitive set.

So in the first quarter we were very aggressive in promoting particularly our Chunky brand. As we repositioned it we improved the label on the brand to emphasize the delicious food and the soup that eats like a meal; we went to the NFL with Victor Cruz. And so, we did put some support behind that brand to get some momentum.

---

**Matt Grainger** - *Morgan Stanley - Analyst*

Okay, and would you say that was more an issue of the timing of your merchandising plans or is that a strategy that might persist through the second quarter?

---

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

Well, I think you can plan on seeing aggressive merchandising plans.

**Matt Grainger** - *Morgan Stanley - Analyst*

Okay, great. Thank you.

---

**Operator**

David Palmer, UBS.

---

**David Palmer** - *UBS - Analyst*

Just building on that last question, in Ready-to-Serve it looked like you had a good last month, the promotions were up. Select Harvest repositioned 100% Naturals, how is that working specifically? And then is it too early to tell how the new messaging around the low-fat high-protein messaging in the NFL -- is that gaining traction on the Chunky portfolio, any sense there? Thanks.

---

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

The performance of RTS this quarter really was because of brand Chunky, and the 100% natural soup is flowing through to the shelf and has been down versus year ago. And we'll continue to put the adequate support on that business as well because it is an important business to us.

It is too soon to tell on some of the new products, but some of the new products that we introduced last year, like Slow Kettle, Slow Kettle's consumption and share are both up in the quarter and our new Flavor Boost product was down in the quarter. However, we are flowing through a new pack which we shifted from an eight pack to a four pack and reduced the price to \$2 to increase the trial because our repeat is very good on this product. So we did learn a lot last year from the introduction of that product.

---

**David Palmer** - *UBS - Analyst*

Is the light soup area -- is that something that you think will stabilize as the fiscal year progresses? I mean, clearly what I'm getting at is that portfolio has been repositioned a couple of times and I'm wondering if you are a little bit more optimistic this go around.

---

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

Yes, it is still -- I mean, it is still a smaller part of our portfolio and we did -- we are now emphasizing the 100% natural and it really will be up to the consumer to decide.

---

**David Palmer** - *UBS - Analyst*

Okay, thank you very much.

---

**Operator**

Chris Growe, Stifel Nicolaus.

---



**Chris Growe** - *Stifel Nicolaus - Analyst*

I just had two quick questions for you. The first one I guess for you, Denise, will be just in relation to Global Baking and Snacking -- to understand the growth of the US business versus the international business, I guess, to understand how Arnott's in Australia is performing versus say Pepperidge in the US?

---

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

Well, Pepperidge in the US grew but it was growing because of the cracker business. Goldfish and Jingos were up high-single-digits. And it offset some declines in our cookie business and in our bakery business. But we have seen better momentum in October and going into the holidays.

In Arnott's the situation is -- they are still competing in a difficult market. We have seen improvements in the business. We are continuing to gain share there. So we are feeling better about Australia this year in the biscuit business.

---

**Chris Growe** - *Stifel Nicolaus - Analyst*

Okay and just a quick follow-up maybe for Craig in relation to Bolthouse. Is there -- I am trying to think about the seasonality of the business. Are there -- and to make sure I have this modeled properly going forward. There was a little bit more profit this quarter than I thought is what it comes down to. Is that a function of this quarter? Is there a seasonality factor to consider, is the question?

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

There is a little bit of seasonality; you didn't see it so much in this quarter because, again, we had one less week in the quarter than we do in the full year. The seasonality comes from the carrot business being a little bit heavier in the second quarter. That is partially offset by the fact that beverages are a little bit stronger in the summer. So the business overall is less seasonal than Campbell's business so it won't have a material impact on the total Company seasonality.

---

**Chris Growe** - *Stifel Nicolaus - Analyst*

Okay, thank you.

---

**Operator**

Eric Katzman, Deutsche Bank.

---

**Eric Katzman** - *Deutsche Bank - Analyst*

I guess two questions. One is I was kind of surprised and I guess we touched on it a little bit, but I was kind of surprised that the margins in US Simple Meals were slightly over 30%. I don't remember the last time the margins were that high in the segment, although I guess it has changed a little bit over time.

But is -- obviously the lower advertising versus the higher inventory, I guess, is partly explaining it, but I'm kind of wondering if you could go into a little bit more detail. Is there the timing of inflation versus the restructuring action you took? I'm trying to get a better sense as to what is making those margins so high this quarter.

---



**Anthony DiSilvestro** - Campbell Soup Company - SVP - Finance

So the restructuring action wouldn't have any impact in the quarter. I think the primary thing that you are probably seeing versus prior quarter is the reduced advertising and consumer promotional expense, Eric.

---

**Craig Owens** - Campbell Soup Company - SVP, CFO & CAO

Yeah, I would just add, there is a pretty significant seasonality to the profitability of the Simple Meals segment, it ranges from 30% to as low as 20% in the other quarters.

---

**Eric Katzman** - Deutsche Bank - Analyst

But (multiple speakers) even year over year -- I mean it has been a while since we have hit over 30% in that segment.

---

**Craig Owens** - Campbell Soup Company - SVP, CFO & CAO

It looks like it is only up about a point from the prior year.

---

**Eric Katzman** - Deutsche Bank - Analyst

Yes. Okay and then I guess on the Go soup product, Denise, are you sensing any push back on the price point? Because I guess we have seen some commentary that that might be a price point that is a little difficult for millennials at the moment. Is there any initial sense of that at the trade level?

---

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

No. We have not gotten any feedback on that and we recognize that the price is more premium than some of our other offerings. But so far -- again, it is early days. The repeat on this item is pretty robust. So it is all about getting consumer trial over the next several quarters, but we haven't heard any pushback on pricing.

---

**Craig Owens** - Campbell Soup Company - SVP, CFO & CAO

Most of the ATV is now at \$2.99 which we feel is a pretty good price point for that product.

---

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

Right.

---

**Eric Katzman** - Deutsche Bank - Analyst

Okay, all right. Appreciate it. Have a nice holiday, thanks.

---

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

And thanks, Anthony, for adding to the answer there. Next question, please.

---

**Operator**

Jonathan Feeney, Janney Montgomery Scott.

---

**Jonathan Feeney** - *Janney Montgomery Scott - Analyst*

I guess I wanted to just think about -- I mean, on the advertising, the total A&C spending particularly behind Soup, I guess -- can you give us sort of a long-term target where you think that ought to work out for a business of this margin structure?

---

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

We -- our long-term target and our short-term target right now is to be fully competitive and we are basing that on a variety of benchmarks such as percent of sales and share of voice, to name two. We think that it is really important for these brands to think about all of the drivers of demand and make sure that we are putting our spending where we are going to get the maximum impact and that could vary by brand and even by segment. So I cited the Chunky example earlier and that seems to be working.

---

**Jonathan Feeney** - *Janney Montgomery Scott - Analyst*

Okay, if I could just follow up, Denise, then. I guess competitive is -- when you say competitive, I guess, are you thinking inside the soup category? Because I mean -- I guess one of the -- how are you framing that? Because when I look at -- it seems to me a lot of the potential -- the slowdown -- a potential explanation for the slowdown in the soup category period is that its leader hasn't spent enough on advertising the past three or four years.

And so, you might be keeping up with the competition, but the category as a whole maybe has suffered. And I think the innovation helps, but are you -- when you say competitive, are you talking about competitive within soup or competitive broadly with spending rates in other categories as you see them?

---

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

Well, in the case of soup we look at both within soup and also within the broader context of the 30 plus categories that we track in Simple Meals. And quite frankly, in the US Soup business we did lower our advertising. But in our other businesses our advertising either stayed the same or increased.

---

**Jonathan Feeney** - *Janney Montgomery Scott - Analyst*

Okay, fair enough. Thank you very much.

---

**Operator**

Bryan Spillane, Bank of America-Merrill Lynch.

---

**Bryan Spillane** - *BofA Merrill Lynch - Analyst*

Denise, we just, now that you are five quarters into this and with all of the effort that has been put into Simple Meals and Soup, in particular, do you have a sense at this point whether you have changed -- there has been any change or been able to kind of move the change in consumer habits at home?



I think as we kind of went into this over a year ago, it is one thing to be able to merchandise and get people to pull it off the shelf, but the more important thing is to really get people to actually consume the products at home.

And I understand it is a little bit early, especially with all the new products that have come out. But how do you feel about movement that you have made or progress that you have made in that regard in terms of just getting people to actually go home and use the products?

---

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

Well, I think it is early days on the new products to declare victory there. I do think that the new products are helping to create somewhat of a buzz about soup in general, which is important. Because people don't think about it as often as they should and so that reminding them is important.

But I think we have done a good job in terms of executing at Campbell's to put some new experiences out to the market for the consumer to enjoy and particularly younger consumers to attract them into the category. We are going to continue to build on those platforms; this is not going to be a one-year wonder. So I think these are still early days, but I really do believe we are on the right course here.

---

**Bryan Spillane** - *BofA Merrill Lynch - Analyst*

Okay, thank you.

---

**Operator**

Ken Goldman, JPMorgan.

---

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

Can you talk a little bit about the signal that you are sending perhaps to retailers by perhaps cutting marketing spending on your core soups a little bit? And the reason I'm asking is there has been some conversation lately about perhaps some of your larger retailers reconsidering whether it is a great use of space to use gravity feed shelves or not.

And I'm just wondering when I talk to retailers and they think about soup whether the manufacturers are really committed to the can whether that is something that they should be committed to as well. So can you just talk a little bit about the balance between how you think about that and maybe spending more on marketing to allay their fears or continue to drive down the spending to help your margins a bit?

---

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

Yes, I can. First of all in terms of the shelving, we actually have iQ Maximizers in greater than 25,000 stores. And that seems to be servicing the consumer very well in terms of making it easier to shop and from an operations standpoint it is holding up to the retailer standards.

So I'm not sure what the link is for shelf space that you are talking about, but we have not seen an impact on shelf space at this point. In fact, with the new products that we're introducing we are having conversations to make sure that we are accommodating all of our products on the shelf and continuing to bring the retailers new and exciting things to increase their center store sales.

The second part of your question on cutting marketing, we had increases in advertising and consumer in all of our categories with the exception of soup and we have not cut our total marketing. We had expenses in advertising and consumer decline, but we are spending against these products in a very competitive way. And we are explaining that to retailers and we are getting support.



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

And then one quick follow-up on David Driscoll's question about Bolthouse and foodservice margins. Should we expect a similar decline year on year in that segment's margin going forward then?

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

Yes. So Bolthouse operates structurally at a significantly lower margin rate than the rest of the Company. I think the first-quarter margin structure is probably pretty reflective of the full year for that segment now, right.

---

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

So somewhere around 10.5% is not unreasonable?

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

Yes, I think that is probably about right.

---

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

Okay, thank you.

---

**Operator**

Thilo Wrede, Jefferies.

---

**Thilo Wrede** - *Jefferies & Co. - Analyst*

When I look at the breakdown of the soup sales with Condensed down but Ready-to-Serve being up 4% and I compare that with scanner data, scanner data looks much different I think, at least in Ready-to-Serve. Why would I not think that the difference between scanner data and the data that you show today is just driven by the channel fill and the sell-through of the -- channel fill with the new products and the sell-through just isn't there yet?

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

Well, Thilo, I think we did say that we are exiting the quarter with higher inventories and that there has been some rotation in those inventories toward Ready-to-Serve.

So I mean I think you are right, we saw heavier sales of both Broth and Ready-to-Serve in the quarter than we saw consumption. And it is largely associated with selling in ahead of the holiday and merchandising activity that is scheduled out over the first few weeks of November here. So I think you're reading is approximately right.

---

**Thilo Wrede** - *Jefferies & Co. - Analyst*

But is it sell-in across the entire portfolio in Ready-to-Serve or is it focused on the new product?

---

**Craig Owens** - *Campbell Soup Company - SVP, CFO & CAO*

Well, clearly you have got some pipeline fill on the new product, but it is not just new product. In fact, it is probably heaviest in Broth, which, as you can imagine, is a big holiday item. So it is Broth, it's Ready-to-Serve and it is the new products.

---

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

Right. And we have also had new innovations on our base business too.

---

**Thilo Wrede** - *Jefferies & Co. - Analyst*

Fair enough. Okay, thank you.

---

**Operator**

Rob Moskow, Credit Suisse.

---

**Rob Moskow** - *Credit Suisse - Analyst*

I just was looking at the US Beverages segment and it looks like sales will end up being flat pretty much to where they were in 2010. So there really hasn't been any growth in the segment and profits are way down. Can you give us a sense within that mix -- I understand the strategy is to extend into more single serve items and maybe away from core V8 Red. Can you give us a sense of what has happened to like the core V8 Red during this time, whether new products are now a bigger part of the pie?

And then secondly, I thought heard there might have to be a wait out on V8 Red during the course of this year to compensate for higher commodity costs. And are you concerned that this would hurt volume further on the core business? Thanks.

---

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

No, I am not -- I don't know where you heard that there would be a wait out on V8 Red. Right now our plan on V8 Red, and we do believe that we need to call more attention to it, is to improve the taste on the original V8 Red, to celebrate the taste in our advertising, and we have hint of lime and black pepper flavor extensions to create some news for that 100% juice offering.

And we are refocusing on our base 100% juice while we also push V8 Splash, which has done very well. But the entire category has been pretty soft for a number of quarters now.

---

**Rob Moskow** - *Credit Suisse - Analyst*

Denise, do you mean the entire vegetable juice base category or do you mean --?

---

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

No, no, no, no, the entire shelf-stable juice category, particularly in the 100% juice segment.



**Rob Moskow** - *Credit Suisse - Analyst*

Okay. What about non-carbonated beverages in general? Like I always thought that that was a faster growing segment of overall beverages. Do you look at yourself in that context also?

---

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

We do. And that is where we have the insights around new innovation. For example, the energy and the kids segments are growing faster.

---

**Rob Moskow** - *Credit Suisse - Analyst*

Okay. All right, I will follow up later. Thanks.

---

**Operator**

Dianne Geissler, Credit Agricole.

---

**Diane Geissler** - *Credit Agricole Securities - Analyst*

I may have missed this, but did you quantify the value of the buy in ahead of the early holiday?

---

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

No, you didn't miss it.

---

**Diane Geissler** - *Credit Agricole Securities - Analyst*

Okay. Well, I know Andrew had asked about sort of first half over first half and you have guided down the second quarter. So any color that you can give us to give us an idea about what the magnitude was? Was it an extra week of inventory, two weeks of inventory; was it all across your entire product line?

---

**Anthony DiSilvestro** - *Campbell Soup Company - SVP - Finance*

Yes, I think the best way to think about it is to look at consumption versus sales, right, Diane, so consumption was down 1, sales were up. Without forecasting the soup sales and particularly without forecasting them by quarter I think that is the best way to sort of keep tabs on where we are in sell in versus consumption.

---

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

And the sell in against the holiday season, of course the consumption happens in another quarter. So the good news is that we are getting good merchandising support, but I do think you have to look at it on a season basis.

---

**Diane Geissler** - *Credit Agricole Securities - Analyst*

Okay, thank you.



**Operator**

Akshay Jagdale, KeyBanc.

---

**Akshay Jagdale** - *KeyBanc Capital Markets - Analyst*

My first question is just regarding the US consumer overall. You have a pretty big footprint in the center of the store and some other companies recently have said they have seen the consumer shift back to the center of the store a little bit more, recently. Have you seen that? I mean, are you seeing consumption sort of increase for food categories in the center of the store?

---

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

We track the Simple Meals category and over 52 weeks the consumption has been up over 2% and then the last 13 it's been a little bit over 1%. So it is still trailing 52 weeks.

---

**Akshay Jagdale** - *KeyBanc Capital Markets - Analyst*

Okay, that's helpful. And then just on marketing, you made -- you hired somebody to lead your marketing division. I was just wanting to get your perspective on what this particular person adds that you didn't have, per se, before in your organization and how it sort of links to the future sort of demand trends that you see longer term?

---

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

We have a center of excellence that works on our advertising and design, our marketing excellence, which is training for our people to make sure we are building skills. Obviously with the transition of connecting with consumers through the digital space, that is going to require some real focus and expertise.

And then being a support system for the brand management and the business units so that there is a -- continuing to build on the standards of excellence for driving a growth agenda. So we believe he will be a really good addition in terms of focusing us there.

---

**Akshay Jagdale** - *KeyBanc Capital Markets - Analyst*

Okay, I will pass it on. Thanks.

---

**Jennifer Driscoll** - *Campbell Soup Company - VP of IR*

So I guess we are coming up on the hour. I apologize to any of you that we didn't get to, but we are going to move to a wrap-up.

---

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

So in conclusion we would like to leave you with some key points from today's call. Our new fiscal year is off to a solid start and Campbell is becoming more agile, more innovative and more focused on the consumer. We have recruited some wonderful new talent in marketing and in international. We have posted encouraging gains in US Soup and Simple Meals as we continue to optimize all the drivers of consumer demands across our key brands.

And while it is too early to judge our breakthrough innovations, we firmly believe that our re-engineered innovation process enhances our ability to attract new consumers and serve new occasions.

Our first quarter with Bolthouse Farms was strong and the integration is on track. Challenges do remain in our US beverage business, but we are course correcting and expect more of a recovery in the coming quarters. Overall we're able to reiterate our annual guidance for the year of sales growth of 10% to 12%, adjusted EBIT growth 4% to 6% and adjusted EPS growth of 3% to 5%.

But I want to make sure that my message to you is clear, we are encouraged but not satisfied. We know what we have to do and what our opportunities are and we are clearly making progress but we are not there yet.

Hurricane Sandy reminded us that we have a lot to be thankful for here at Campbell. Among many other things, we're thankful to have leading brands to compete with, strong margins, amazing cash flow and above all talented and dedicated employees with a lot of heart. So we wish you and yours a very happy Thanksgiving and with that, Jennifer, please provide the closing reminders.

---

**Jennifer Driscoll** - *Campbell Soup Company - VP of IR*

Thank you very much. We appreciate you listening to the call today. We will have replays available and if we didn't get to you please give me a call at 856-342-6081 and with that we will conclude our call.

---

**Operator**

Thank you. Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the conference. You may now disconnect. Good day.

---

**DISCLAIMER**

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2012, Thomson Reuters. All Rights Reserved.