

**M'M!
M'M!
GOOD!®**





WINNING
with the **CONSUMER!**

Campbell's®

2000 Financial Highlights

(millions of dollars, except per share amounts)

	2000	1999
Net sales	\$6,267	\$6,424
Gross margin	\$3,359	\$3,374
Percent of sales	53.6%	52.5%
Earnings before interest and taxes	\$1,265	\$1,270 ¹
Percent of sales	20.2%	19.8%
Free cash flow ²	\$ 965	\$ 657
Cash margin ³	24.2%	23.7%
Net earnings	\$ 714	\$ 724 ¹
Per share		
Basic	\$ 1.68	\$ 1.64 ¹
Diluted	\$ 1.65	\$ 1.63 ¹
Dividends	\$ 382	\$ 389
Per share	\$ 0.90	\$0.885
Number of employees	22,000	24,500

¹1999 included a net pre-tax restructuring charge of \$36 (\$27 after tax or \$.06 per share). Also included are non-recurring costs of \$22 (\$15 after tax or \$.03 per share).

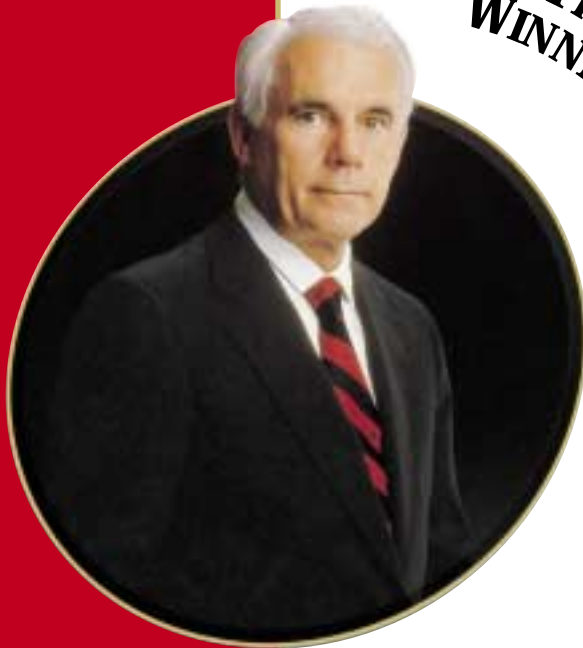
²Free cash flow equals net cash provided by operating activities less capital expenditures.

³Cash margin equals cash earnings divided by net sales. Cash earnings equal earnings before interest and taxes plus depreciation, amortization, and minority interest expense.

About Campbell Soup Company

With sales of more than \$6 billion, Campbell Soup Company is the world's largest maker and marketer of soup and a leading producer of juice beverages, sauces, biscuits and confectionery products. The company's soups are sold under the global *Campbell's* brand, as well as *Erasco* in Germany and *Liebig* in France. Among its other strong food brands are *Pepperidge Farm* cookies and crackers, *V8* and *V8 Splash* juice beverages, *Pace* Mexican sauces, *Prego* pasta sauces, *Swanson* broths, *Homepride* sauces in the United Kingdom, *Arnott's* biscuits in Australia, and *Godiva* chocolates around the world.

BACK TO THE WINNER'S CIRCLE



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FELLOW SHAREOWNERS

A Wake-up Call

Fiscal 2000 was a very disappointing year. Our sales declined 2 percent to \$6.3 billion and earnings per share declined 4 percent to \$1.65. All our employees want to forget the year just passed. But they can't. And that's the spur. We all want to fight back to the Winner's Circle. We want to regain our pride as professionals. We want to resume wealth building for our shareowners. We know that these aims are all linked to delivering competitively superior sales, profit, and cash results. And we know that these results do not truly reflect the experience and potential of our people power. That is why fiscal 2000 was indeed a wake-up call.

Evaluation – Lessons Learned

We have spent a lot of time in self-examination, and we've drawn some clear conclusions:

1. While Campbell Soup Company

had a poor year overall, many operating entities set new records. This was the case with, for example, Australia, Belgium, France, Germany, Godiva, Indonesia, Malaysia and South Asia, Mexico, and New Zealand. These operations leveraged brand power and attracted new consumers as they built sales and market share. They linked

“WE WANT TO RESUME WEALTH BUILDING FOR OUR SHAREOWNERS.”

with trading partners to attract consumers and accelerate profitable sales.

2. Underperformance was centered in the United States and included Campbell's soups, sauces, and Pepperidge Farm. Consumers did not reach

for our brands with the same love and loyalty as before. “Why?” we asked.

3. The answer lay, in part, in the fact that the competition was very much alive. But it also rested more heavily on our slow-down of creativity and innovation. We failed to prove our product relevance with consumers in a dynamic marketplace.

This was especially true for icon *Campbell's* soup brands. We under-delivered on marketing power. The consumer voted at the cash register. Although Campbell remained the wet soup market leader with over 70 percent of the U.S. market, the year saw a slow-down in consumption.

Winning With The Consumer

For many years at Campbell Soup, we have talked of People Power driving Brand Power. Our market leadership in many product categories is a tribute to those powers. *Campbell's*, *V8*, *Pace*, *Pepperidge Farm*, *Homepride*, *Erasco*, *Liebig*, and *Arnett's* for example – are all #1 brands in their respective markets.

However, we must always remind ourselves that market leadership is bestowed by the ultimate power – the consumer. Long-term wealth building is the outcome of having passionate and dedicated consumers. Every month, hundreds of millions of buying decisions drive our brand results. Winning with the consumer is the end game. Winning with the consumer dictates which brand wins and which ones lose. There are no guarantees. Brand leadership must be earned and then reaffirmed every year. That's the challenge we face and we accept it with a new urgency.

Resurgence - People Power

As fiscal 2001 moves into the fall season in North America, we have marketing programs that are loaded with lessons learned. People power is turned on; you can judge that by the innovations and consumer meaningful points of difference that are highlighted across the range of Campbell brands presented on the pages of this Annual Report.

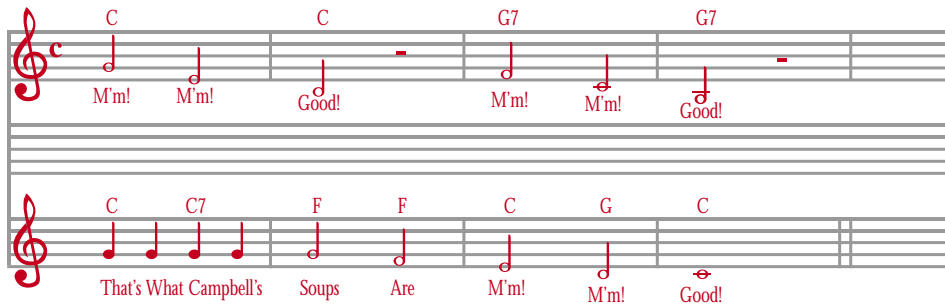
Commitment To Wealth Building

We are resolute in our commitment that our prime purpose is building shareowner wealth. To deliver on this commitment we must win where it counts – with the consumer, with repeat purchases. This is achieved by delivering a sustainable competitive advantage in our brands – by beating the competition. Then we will again deliver superior returns for our shareowners. And return to the Winner's Circle. And again be known as long-term wealth builders.

“LONG-TERM WEALTH BUILDING IS THE OUTCOME OF HAVING PASSIONATE AND DEDICATED CONSUMERS.”

“M m! M m! Good!”

This jingle has been named as one of the top five American advertising jingles of the last 100 years. At Campbell Soup Company, it is our anthem. It links to the promise that goes out on mailed correspondence from our Camden World Headquarters.



That promise says simply, "Everything we make contains our business reputation." It is fitting that, at the dawn of a new millennium, "M'm! M'm! Good!" will once again be in the forefront of consumer advertising, and fitting indeed that it will be used for our first and most famous range of products –

Campbell's Red & White condensed soups. What's your favorite?

I'm looking forward to an "M'm! M'm! Good!" fiscal 2001 year.

David W. Johnson
President and
Chief Executive Officer

Chairman's Message

The Board is not satisfied with the results for fiscal 2000, as directors or shareowners. In total, directors represent over 40 percent of the company's shares outstanding and earn more than 75 percent of their Board compensation from Campbell stock. As a group we believe the company is capable of much stronger performance and we are committed to working in partnership with management to build long-term shareowner wealth.

Setting strategic direction is one of the most important responsibilities of a board. This has been especially true this year for your Board in the context of the consolidation and other significant changes occurring within the food industry. We have devoted substantial time and energy to this task. The company's plan to revitalize its core U.S. soup business through

investment and innovation being one result of this strategic analysis.

Ultimately, a board's most important responsibility is CEO succession. As this letter is being written a search committee of the Board is working to identify a new CEO to lead the company. Since March 2000 the return of David Johnson as CEO has provided crucial leadership and direction. David served with distinction from 1990 until his retirement as CEO in 1997. The Board is confident it will attract another strong leader to maximize the outstanding potential of Campbell's brands and its people.

Philip E. Lippincott
Chairman of the Board





**NORTH
AMERICA**

POWERHOUSE BRANDS



North America is the largest and most prosperous consumer market in the world. It is a wonderful place to have such a strong stable of brands. Generations of consumers have grown up with Campbell brands.

“VIRTUALLY EVERY ONE OF OUR BRANDS IS #1 OR #2 IN ITS CATEGORY. IT’S AN ENVIABLE POSITION TO BE IN AND A POWERFUL PLATFORM ON WHICH TO BUILD.”

MARTY THRASHER

SENIOR VICE PRESIDENT AND
PRESIDENT - CAMPBELL NORTH AMERICA

Whether it’s *Prego* spaghetti sauce, *Pace* sauces, *Franco-American* pasta, *V8* vegetable juice, *Chunky* soup, or *Campbell’s Red & White* condensed soup, consumers trust our quality, taste, and convenience. Virtually every one of our brands is #1 or #2 in its category. It’s an enviable position to be in and a powerful platform on which to build.

Focusing On Our Icons

Campbell’s Red & White condensed soups, led by Chicken Noodle, Tomato, and Cream of Mushroom, are world-famous icons. Individually, our three top sellers are bigger than most brands in the grocery store. More than ever, we are focused on adding value and convenience to these offerings with quality improvements, nutrition news, and quick recipes. We’ve also created new *Campbell’s Red & White* ready to serve soups that build on this icon strength. Add the convenience of pop-top lids, resealable jars, and microwavable containers, and we believe soup can grow with changing consumer lifestyles.

More Than Soup

Beyond soup, our brand power is deep and strong. We participate in large categories and exciting things are happening.

A terrific example of this is the success of *V8 Splash*, a fruit-based juice beverage that leverages the unique “good for you” equities of *V8* vegetable juice. It is one of the largest new consumer food products in recent years. We are now introducing *Diet V8 Splash* with 10 calories per serving. Opportunities abound across our portfolio!

People Power Is The Key

This year, we consolidated our North American soup, sauce, and beverage businesses into one organization. We can now optimize marketing, selling, and supply chain efforts across geographies. The team is strong and committed to fight back and win.

We’ve added new leadership with broad international experience and proven track records of profitable soup growth. We’ve also invested in expanded retail coverage by adding 50 territory managers to our U.S. sales force. Back to basics. Solidifying the fundamentals. Winning one store at a time.

By combining the talent of our people and the awesome power of our brands, we’re positioned to win with consumers.

M'M! M'M! GOOD!®

“M'm! M'm! Good!” is part of the American culture and synonymous with Campbell's and quality food. It expresses exactly how people feel about our soups. Every time someone hums “M'm! M'm! Good!,” they're connecting with our brand.

AMERICA'S FAVORITE

Chicken Noodle is Campbell's best-selling soup and one of the top five dry grocery items in the supermarket. To give consumers even more reasons to stock up, this year we're adding more chicken. The last time we did this in 1996 consumers responded very favorably. When we asked consumers again, they said “give us more chicken.” So, when consumers prepare their next soothing and comforting bowls of Campbell's Chicken Noodle soup, there will be 20 percent more meat for them to enjoy. For those who like to buy in bulk, we're adding even more value with convenient shrink-wrapped four-packs of their favorite Chicken Noodle soup.



CAMPBELL'S SOUPS
ARE THREE OF THE
TOP 10 BEST SELLING
PRODUCTS IN U.S.
FOOD STORES.



A TOMATO A DAY

More than one in three U.S. households buys *Campbell's* Tomato soup, making it our #2 selling soup. It's delicious, nutritious, and in step with health-conscious consumers. Research has shown an association between consuming tomato products and a reduction in the risk of certain types of cancer. This year, we'll be serving up bigger and better marketing to make sure consumers know more about this exciting story.

To give our consumers more ways to enjoy tomato soup, we're introducing *Campbell's* Tomato Noodle soup. We launched it in the Australian market two years ago, and it's been a big hit. Since more than 20 percent of American consumers already add noodles to their tomato soup, we think we have another winner in our tomato line-up.

This year, we'll be expanding into the Canadian market with our successful *Campbell's* ready to serve Tomato soup in resealable plastic bottles. With added convenience for consumers on the go, this soup has delivered increased sales in each market where it's been introduced.



EAT SMART

Consumers keep telling us that what they like best about *Campbell's* Red and White condensed soups is their variety. Our line-up features 30 delicious soups with under 100 calories and three grams or less of fat per serving, including such favorites as Vegetable Beef, Chicken Noodle, Cream of Potato, and Minestrone. Research suggests that starting a meal with soup may help you eat less, so we're promoting "Eating Smart with Soup" in our new marketing campaign. Early results show that this is big news for today's health-conscious consumers.





SWANSON CHICKEN
BROTH IS THE #1 BROTH
IN THE U.S.



CONTEMPORARY COOKING WITH CAMPBELL'S

Home cooks have made *Campbell's* Cream of Mushroom our #3 top-selling soup and have helped to make *Campbell's* soup the fourth most-used cooking ingredient in the U.S. Although home-cooked meals still top the dinner menu, today's busy consumers want simple meals that are easy to prepare. At 4 p.m., 40 percent of American households still haven't decided what they're having for dinner. That's why our Global Consumer

Food Center has come to the rescue with quick two-step recipes made with *Campbell's* Cream of Mushroom soup and other cooking varieties. Now, rushed consumers can have great-tasting, homemade dishes in 20 minutes with recipes like *Campbell's* Tasty Two-Step Chicken made quickly on the stove top. We've also introduced two new varieties great for cooking – Cream of Chicken Dijon and Tomato with Roasted Garlic & Herbs.

CAMPBELL'S SOUP IS
THE FOURTH MOST
COMMON COOKING
INGREDIENT IN
THE U.S.

YOU'VE GOT A RECIPE!

For even more help in the kitchen, last year we created *Campbell's* Meal-Mail, an internet-based recipe service. Now, nearly half a million subscribers receive Campbell recipes via e-mail every afternoon or once each week. This year, we added a recipe exchange so that consumers can share their favorite Campbell recipes.

www.campbellsoup.com





TODAY'S FAVORITES MADE EASY

With the dawn of a new millennium, we thought it only fitting to introduce an historic innovation to our icon brand. One of the most common consumer requests for our *Campbell's* Red & White condensed soups is more convenience. This year, we're bringing seven of our top-selling condensed soups to market in a new ready to serve format with pop-top lids. Each *Campbell's* Red & White ready to serve soup delivers the same great taste that consumers have long enjoyed with their condensed favorites, but with less preparation time. Now consumers can simply pour one of their favorites like Chicken Noodle or Bean with Bacon into a bowl and heat it quickly in the microwave for lunch, dinner, or in-between snacking. This innovation is just the first step towards re-invigorating our soups with improved quality, convenience, and variety.



SOUPS FOR ALL OCCASIONS

We want consumers to enjoy soup anytime. That's why we offer ready to serve soups in a variety of packages. There are *Campbell's Simply Home* soups in resealable glass jars; *Campbell's Soup To Go* soups in microwavable bowls, for those busy work lunches; and in test market, *Stockpot* premium refrigerated soups with unique varieties for sophisticated palates.



CAMPBELL'S READY TO
SERVE SOUPS COMMAND
NEARLY 60% OF THE
\$1.1 BILLION MARKET.



ANDREW HUGHSON

PRESIDENT - U.S. SOUP AND SAUCES

Campbell's is one of the great food brands that are welcomed into the homes of American consumers every day. This special welcome has been earned. For over 100 years, many dedicated people have delighted in working with food, and soup in particular.

If you were asked to invent the perfect food – flavorful, nourishing, versatile, aromatic, satisfying, energizing, comforting – the likely outcome would be soup. So it's not surprising that soup has been with us for some 6000 years.

Americans eat enough soup each year to fill 65 bowls for every person. Twenty-three of these bowls are from Campbell's – a powerful position to build upon.

To make our claim to the next 6000 years, we will offer soup for consumers' changing tastes and lifestyles. Our mission is to make it irresistible to have one more bowl.

TOP TEAM

To be the first to market with easy-open tops on *Campbell's* ready to serve soups took a talented, multi-disciplined team with a crystal-clear vision. The result: convenient, easy-open pop-top lids covering 70 Campbell varieties, including *Campbell's Chunky* soups, *Campbell's Healthy Request* ready to serve soups, and new varieties such as *Campbell's Select* Grilled Chicken with Sundried Tomatoes and Mushrooms soup.



CHUNKY TACKLES YOUR HUNGER!

Campbell's Chunky soup is the #1 ready to serve soup in the U.S. Over the past three years sales grew at an average rate of nearly 10 percent, and we plan to keep the momentum going.

In partnership with the National Football League, Campbell's "Tackling Hunger" program has donated more than 14 million pounds of food to feed the hungry. In 2000,

Chunky soup features the NFL's best, teaming two Superbowl MVPs – Denver Bronco Terrell Davis and St. Louis Ram Kurt Warner – in our advertising and promotions.

New in the "Soup That Eats Like A Meal" line-up are *Chunky Grilled Classics*, loaded with chunks of grilled sirloin steak or grilled chicken, perfectly cooked pasta, and

hearty vegetables. We're also improving our #1 *Chunky* New England Clam Chowder with bigger, heartier clams.

**CAMPBELL'S
CHUNKY
SOUPS
SCORE 10%
THREE-YEAR
AVERAGE
SALES
GROWTH.**





THE POWER OF V8

The V8 brand is the #2 shelf-stable beverage in U.S. grocery stores and is more on trend than ever. In the highly competitive beverage industry, we continue to strengthen our core equities, drive innovation, and expand availability. Our strong brand equity starts with V8 vegetable juice. Each eight-ounce glass provides a full serving of vegetables, is rich in vitamins A and C, and has only 50 calories.

This year, we introduced Calcium Enriched V8 vegetable juice. Each glass has as much calcium as a glass of milk and taps into the strong consumer trend for healthy beverages.

In 2000, we updated our V8 vegetable juice label with bold graphics, and introduced eye-catching print advertising to attract health-conscious consumers.

We'll continue to innovate and give our consumers more reasons to drink V8 beverages.



DRIVING AVAILABILITY

This year, we have continued to drive availability of V8 beverages so that consumers can enjoy them on the go. We have been particularly successful in convenience stores, where you can find our 16-ounce bottles already chilled in the refrigerated section.

BRAND POWER BEYOND SOUP



SIMPLY SPLASHING

V8 Splash juice beverage is the greatest testimony to the power of the *V8* brand. Now in its fourth year, it has received broad consumer acceptance across the U.S., driven by its unique combination of great taste and nutrition.

This year, we launched *V8 Splash* in kid-friendly, ready-to-go aseptic juice boxes, just perfect for school lunch boxes. We extended the *V8 Splash* beverage line-up with new varieties including Apple Medley, Grape Blend, Kiwi Melon, and Passion Berry. We're also introducing Diet *V8 Splash*, with the same great taste and nutrition as regular *V8 Splash*, but only 10 calories per serving.

We know many more consumers haven't even tried our *V8 Splash* beverages. That's why a key component of our marketing strategy is sampling. Across the country we'll be handing out millions of samples to attract new fans and increase consumption. From experience, we're confident that once consumers taste *V8 Splash* they'll want more.

EXPANDING INTERNATIONALLY

Outside the U.S., *V8* beverages have been a success story in Canada and Latin America. In Canada this year, we achieved expanded distribution of *V8 Splash* beverages in grocery stores. *V8* beverages also continued to grow strongly across Latin America.



THE ITALIAN MEAL MAKER

Take pasta (the second most popular Italian dinner dish behind pizza), add *Prego* spaghetti sauce (the #2 pasta sauce in the U.S.), and you know you have a winning combination. *Prego* has been a popular pasta sauce in consumers' homes since our Campbell chefs created it nearly two decades ago.

In 2000, market share was up, driven by our hearty meat sauces, including Italian Sausage & Garlic and Mini-Meatball. Building on this success, we're introducing savory chicken sauces: *Prego* Roasted Chicken sauce and *Prego* Chicken with Parmesan sauce. Now busy consumers can enjoy two of their dinner favorites – chicken and pasta – in 20 minutes or less.

For those who want even more value, we also offer *Prego* spaghetti sauce in an economy size – a 67-ounce plastic package that is the first in this category.





A PASSION FOR PACE

Born in San Antonio, Texas, *Pace* salsa has always been known as the sauce with authentic Mexican taste. Consumers love the flavor and fresh taste so much that they have made *Pace* the #1 brand of salsa in the U.S.

This year, we intend to fuel that passion in bold new ways, offering a wide variety of

ideas for breakfast, dinner, or anytime snacking. Beyond traditional Mexican favorites like tacos, enchiladas, and burritos, *Pace* sauces add great flavor to scrambled eggs, baked chicken, and grilled burgers.

We're gearing up to spread the passion for *Pace* sauces – in stores, in advertising, and on-line at www.pacefoods.com.

PACE IS THE #1
BRAND OF SALSA
IN THE U.S.



NUTRITION MOMS WANT, THE TASTE KIDS LOVE

Over half of American kids are not consuming their recommended daily value of calcium. With *Franco-American SpaghettiOs Plus Calcium* pasta, now there's one more way for kids to add this essential nutrient to their diet. Moms like the fact that each serving of "Os" includes as much calcium as a glass of milk, and the kids love the tasty little "Os." Kid-appealing and mom-approved products like this mean more category-building opportunities for America's #1 kids' canned pasta.

UH OH, SPAGHETTIOS!®



AWAY FROM HOME



REACHING CONSUMERS
ANYTIME, ANYWHERE

In today's hurried, eat-on-the-go world, about half of every food dollar is spent on food away from home at quick-service and casual restaurants, cafeterias, and other food service venues. Naturally, this provides us with tremendous potential for growth.

Campbell Away from Home is building momentum. This year, soup grew 8 percent, Canada delivered its sixth consecutive year of double-digit growth, and Pepperidge Farm launched a major new bun business

with KFC quick-service restaurants.

Going forward, we will continue to win by providing value-added solutions so that our food service operators can delight their patrons anytime, anywhere.

BRANDED SOUP SOLUTIONS

Our growth strategies begin with soup. This year, we placed almost 2000 more *Campbell's* branded soup kettles in high traffic locations, such as university and hospital cafeterias. We plan to add another 2000 kettles next year. We know that when operators display *Campbell's* branded kettles, they sell more soup. In fact, after one university cafeteria installed a *Campbell's* branded kettle, it sold more soup in one week than it had sold in an entire year.

For elementary schools, we're offering colorful *Campbell's* soup stations, providing both fun for kids and more profits for school food service directors. We're also



"WHENEVER AND

WHEREVER CONSUMERS

ENJOY OUR SOUPS WE

WANT THEM TO ALWAYS

SAY THEY ARE

M'm! M'm! GOOD!"

CRAIG RYDIN

PRESIDENT - CAMPBELL AWAY FROM HOME

fortifying our line of *Campbell's* 50-ounce noodle soups with calcium for added nutrition.

To extend our brand presence, we opened *Campbell's* soup kiosks in Boston and Denver airports, and most recently added another in New York's bustling John F. Kennedy International Airport. As we reach out with additional wholesome food choices for busy travelers, early results are promising.

TREND-SETTING SOUPS

Our chefs are continually developing new products based on the latest flavors and food trends. For example, this year we introduced five vegetarian soups and seven varieties of chili.

We're also investing more in our *Stockpot* brand, the market leader of premium refrigerated food service soups in the U.S. This year we opened a new Stockpot plant in Washington state and introduced regional "signature soups" – Santa Fe, Tuscany, and Marrakech – drawn from popular cuisine from around the world.

Whenever and wherever consumers enjoy our soups we want them to always say they are "M'm! M'm! Good!"

SECURING LINKS WITH CHAINS

Another key element of our strategy is driving availability of our branded soups in quick-service restaurants.

Double-digit sales gains are being realized with these customers as they feature the *Campbell's* brand name in their stores. Additionally, the introduction of new single-serve ready to serve packaging makes soup preparation easier for operators while offering more soup choices to consumers.

Building on our soup success with the Subway chain in Canada, we introduced soup at Subway in the U.S. Now U.S. customers can also enjoy a cup of delicious *Campbell's* soup with their favorite sub.

Beyond soup, we've had great success with Pepperidge Farm and KFC. In 2000, *Pepperidge Farm* split-top buns became the exclusive bun for five new KFC chicken sandwiches. KFC promoted the

launch with a multi-million-dollar branded advertising campaign. The result – incremental sales for the sandwich duo.



50% OF ALL CONSUMER
FOOD DOLLARS SPENT
IN 2000 WERE
AWAY FROM HOME
PURCHASES.



EUROPE



WINNING ON THE CONTINENT

This was a good year for our European business. Total sales were up and we had double-digit profit increases. Our investments over the last two years are bearing fruit.

“OUR GOAL IS TO BE THE MOST INNOVATIVE FOOD COMPANY IN EUROPE.”

PIERRE LAUBIES
PRESIDENT - CAMPBELL EUROPE

We have successful operations in France, Belgium, Germany, and the United Kingdom. New products contributed to our growth in each country. We’re investing more time and resources to better understand the consumer needs in each country, then innovating with new products

and packaging to satisfy those needs. We continue to look at future growth opportunities throughout Western Europe. Our goal is to make Campbell Soup Company the most innovative food company in Europe, and we have a committed team that is working hard to make it happen.

INNOVATION IN FRANCE

In France, our *Liebig* soup has a rich heritage and is the #1 ready to serve soup in aseptic packaging. Building on this strength, we’re delivering more taste experiences and more convenience.

Last year, we had great success with the launch of *Liebig Soup’ Créative*, an innovative line of premium ready to serve vegetable soups in resealable plastic bottles. These new soups generated incremental sales and are a breakthrough for future

innovation across Europe. We’re extending our offerings in France with four new flavorful blends, including Carottes and Baies Roses (carrot and pink peppercorn) and Potiron Emmental (pumpkin and cheese).

To reach more of France’s health-conscious consumers, we’re also extending our line of *Liebig Pur Soup’* in aseptic packaging with Légumes aux

Céréales (vegetables and wheat germ). It will be the first soup in the market with both of these popular ingredients.



WINNING IN GERMANY

Erasco was the #1 ready to serve soup in Germany when Campbell acquired it in 1997. This year, *Erasco* became Germany's overall leader of the wet soup market.

This outstanding performance is a testament to our strong brand equity and the talented *Erasco* team. Powerful sales and marketing efforts closed distribution gaps. Product innovations exceeded consumer expectations. And highly efficient television advertising raised consumer awareness of the *Erasco* brand among German consumers to nearly 100 percent.

We plan to continue the success story with the launch of *Erasco* Aroma Pack ready to serve soups in easy open pouches.

STIRRING UP SOUP & SAUCE IN THE U.K.

With the launch of *Homepride Pasta Bake*, U.K. consumers can prepare a saucy oven-baked pasta dish without precooking the pasta. *Homepride Pasta Bake* has boosted Campbell's leading share of U.K. cooking sauces and is the most successful launch ever for *Homepride*.

Next up, our U.K. team is introducing *Homepride Pasta Stir & Serve* sauce, providing even more convenience. Consumers simply pour the desired amount of sauce onto hot cooked pasta, stir, and serve.

Building on our success of *Liebig Soup' Cr ative* in France, we're offering *Homepride* soups in aseptic bottles. These soups are designed to capture a share of the growing snack market by offering more wholesome and satisfying choices.



ERASCO IS THE #1 WET
SOUP IN GERMANY.



ASIA PACIFIC

WINNING IN NEW REGIONS



Campbell has built a strong business in the Asia Pacific region, centered in Australia with two icons: *Arnott's* biscuits and *Campbell's* soups.

"IN THIS VAST REGION, OUR GOAL IS SIMPLE- TO BUILD ON OUR STRENGTHS BY BRINGING QUALITY BISCUITS, SOUPS, AND SAUCES TO SATISFY THE TASTES OF OUR VARIED CONSUMERS."

JOHN DOUMANI
PRESIDENT - ASIA PACIFIC

Beyond Australia, we are developing biscuit businesses in New Zealand, Papua New Guinea, and Indonesia, as well as soup and sauce businesses in Greater China, South Asia, and Japan.

In this vast region, our goal is simple – to build on our strengths by bringing quality biscuits, soups, and sauces to satisfy the tastes of our varied consumers.

AN AUSTRALIAN ICON

Arnott's biscuits, from *Tim Tam* to *Tiny Teddy*, *Shapes* to *Vita-Weat*, have been part of the Campbell family since 1993 and are among Australia's best-loved brands. Our red vans displaying the famous *Arnott's* parrot are icons in their own right, delivering fresh biscuits directly to stores every day.

This year in Australia, *Arnott's* share reached an 18-month high of 57 percent. Our biggest wins came from product innovation around our core brands. *Shapes*, *Arnott's* #1 savory snack cracker

and best-selling product line, grew 6 percent with improved flavoring on our top three varieties. *Vita-Weat*, one of Australia's favorite crispbreads for toppings, was updated with 100 percent natural ingredients resulting in a sales lift of 20 percent. *TeeVee* snacks climbed in the ratings with new popcorn-style packaging, a new Wafer Bites snack, and bold advertising and in-store promotions. And we successfully launched a new variety of *Tim Tam* biscuits with Chewy Caramel.



BRANCHING OUT WITH BISCUITS

Arnott's is the #2 biscuit brand in New Zealand and has a leading position in Papua New Guinea. In Indonesia, we're investing in brands such as *Arnott's Nyam Nyam* children's biscuits. This year, our Indonesian team relaunched *Nyam Nyam* biscuits with improved distribution, new packaging, new advertising and more affordable price points. The result – *Nyam Nyam* is now Arnotts Indonesia's top-selling brand.



SKY-ROCKETING SUCCESS IN SOUPS AND SAUCES

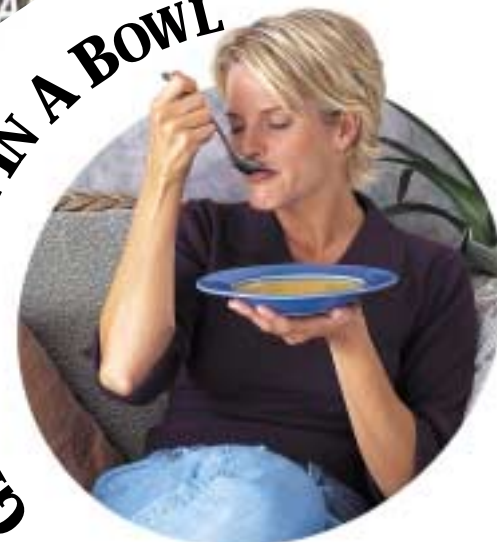
On the soup side, market leader *Campbell's* soups hit a 44 percent share this year, its highest ever in Australia. We continue to innovate using borderless ideas from across the Campbell world. *Campbell's Velish*, as in "delish," a line of premium vegetable-based soups in aseptic packaging, was developed with our *Liebig* team in France, and is doing exceptionally well. *Campbell's Tomato Reddy*, our ready to serve tomato soup in plastic bottles, is a mirror image of our North American ready to serve soup, and is gaining strong acceptance with Australian consumers as well.



In Hong Kong, *Swanson* broth continues to post strong sales driven by the introduction of aseptic packaging and innovative marketing around daily usage. And in Malaysia, we've made steady inroads with *Kimball* sauces, including the launch of the first squeezable bottle for Chili and Tomato sauces, as well as our new *Kimball* Thai Chilli sauce.



GREAT TASTE IN A BOWL



NEVER HAVE AN ORDINARY DAY™



“OUR VISION IS TO TRANSFORM ORDINARY MOMENTS INTO EXTRAORDINARY MOMENTS.”

DAVID ALBRIGHT
PRESIDENT - PEPPERIDGE FARM

At Pepperidge Farm, our goal is to be the unrivaled leader in the premium segment of every category in which we compete – from cookies and crackers to breads and frozen foods. Our growth is driven by continuous investment in quality, brand-building advertising, and product innovation targeted at today’s consumer lifestyles.

It all starts with quality – cheesier crackers, moister breads, and more indulgent cookies. Nearly 65 years ago, Margaret Rudkin established *Pepperidge Farm* as the pre-eminent premium brand. Today, we remain committed to those high standards.

Increases in advertising across a variety of media are aimed at building our businesses. For example, our new *Pepperidge Farm* print campaign, whose theme

is “*never have an ordinary day*,” is building brand equity and sales across the portfolio.

Behind the scenes, we’re continuing the aggressive expansion of our direct store delivery system. This expansion is aimed at continuous improvement in product freshness, customer service, and display performance.



A GIANT IN THE OCEAN

Pepperidge Farm Goldfish, America's #2 cheese cracker, offers countless possibilities to leverage the brand's unique character and fun equity. This year, we introduced *Giant Goldfish* crackers – three times bigger than the original. *Giant Goldfish* is toppable, dippable, munchable, and extremely successful. *Goldfish* seasonal crackers are donning baseball caps and football helmets, and now *Goldfish* is the nation's tastiest Presidential candidate as we roll out new American Cheese Election *Goldfish* crackers.

Goldfish is the one snack that's okay to get hooked on. *Goldfish* crackers are baked, not fried like many competitive snacks. We recently added calcium, which makes these wholesome crackers even more appealing to nutrition-conscious moms.

DISTINCTIVE COOKIES

Pepperidge Farm cookies are the top premium brand in the U.S., with favorites such as *Milano* and *Chocolate Chunk Classics*. This year we're adding light, fruity *Spritzers* cookies in three refreshing flavors – Cool Key Lime, Lemon and Red Raspberry. Also new to the line-up are *Salzburg* cookies made with chocolate mocha, and *Double Chocolate Chunk* cookies.

FROZEN FOODS ARE HOT

Pepperidge Farm Pot Pies, Garlic Toast, and French Toast are driving double-digit sales growth in our frozen business. Our garlic bread is #1 in the category and growing. This year, building on our success, we will be launching rich Texas Cheese Toast. In addition, our microwavable pot pies have quickly expanded the category to become the fastest selling pot pie brand in New England.

A HARVEST OF WHOLESOME BREADS

Taking advantage of increasing consumer interest in nutritional products, we expanded our Natural Whole Grain bread line with new varieties – Honey Oat and Multigrain. We've also added calcium to our favorite Sandwich and Family Size White breads. This year, we will introduce *Farmhouse* breads in Hearty White, Sweet Buttermilk, Soft Oatmeal, and Golden Potato varieties.



GODIVA

THE WORLD'S PREMIER CHOCOLATIER



2001 marks the 75th anniversary of Godiva Chocolatier, one of Campbell Soup Company's crown jewels. This milestone is a wonderful reminder of how special it is to work with this luxury brand. Today, we have strong brand equity in North America and tremendous opportunity for global growth.

"GODIVA HAS STRONG BRAND EQUITY IN NORTH AMERICA AND TREMENDOUS OPPORTUNITY FOR GLOBAL GROWTH."

ARCHIE VAN BEUREN
PRESIDENT - GODIVA

Our mission is to make Godiva the world's premier chocolatier. Our outstanding double-digit sales growth for seven consecutive years is evidence that our mission is on track.

Our winning growth strategies begin

with our superior quality chocolates, luxurious packaging, and memorable customer service. Every time consumers shop for our chocolates, we want them to have the same special *Godiva* experience.

THE BOUTIQUE MYSTIQUE

Company-owned boutiques play a critical role in building the brand globally. During the past four years, we have dramatically increased our boutique presence in North America. Today, we have

230 boutiques, having added over 50 new boutiques in the past two years alone. Next year, we plan to add 25 more. In 2000, we also saw an 8 percent growth in same store sales.



EXPANDING GLOBALLY

In Europe, the birthplace of Godiva, we generated double-digit sales growth. This year we opened boutiques in Rome, London, Düsseldorf, and Paris.

In Asia, we have four *Godiva* boutiques in Hong Kong and over 140 outlets in Japan, including seven new boutiques. We're excited about Japan, where our international associates have collaborated to establish best retail practice. The result – improved customer service and a 12 percent increase in same store sales.

NEW CHOCOLATE TEMPTATIONS

Innovation is vital to sustaining Godiva's success. This year, we're introducing Palet d'Or chocolates with sophisticated flavors like red wine and ginger. We're also adding "Petite Pack" Single



Serve biscuits, Chocolate Mocha cocoa, and a new flavor – White Chocolate with Macademia Nut – to our successful line of ice creams. We're hand-dipping fresh strawberries in our boutiques and celebrating our 75th anniversary with limited edition packaging and special chocolate selections.

GODIVA.COM

Beyond retail, we're building our most powerful new relationships with consumers on-line. We see Godiva.com as a natural extension of our luxury brand's individualized customer service. This part of our business has been growing significantly every year, and more consumers are visiting daily. Whether it's Valentine's Day, Mother's Day, a birthday or anniversary, consumers can simply point and click to find a virtual *Godiva* boutique.



FOR SEVEN STRAIGHT
YEARS, GODIVA HAS
HAD DOUBLE-DIGIT
SALES GROWTH.



ANNE PIZARRO-SAGEL

PROGRAM DIRECTOR -

CAMPBELL'S LABELS FOR EDUCATION

Making A Difference

Our *Campbell's Labels for Education* program has always been special to me. I participated in *LFE* when my children were in elementary school. I worked with other parents collecting labels for free merchandise for our schools.

Today, I'm proud to work with parents and educators to provide extra resources to our schools. It's gratifying to see the smiles on children's faces when they receive our *LFE* merchandise, like new playground balls or new computers. It demonstrates a special way we're giving back to our communities and Campbell is making a difference.

GIVING BACK TO OUR SCHOOLS

Campbell's Labels for Education (LFE) program has been providing free educational resources to schools across America for more than 27 years.

Today, thousands of schools in the U.S. and Canada participate in *LFE*, saving labels from Campbell's portfolio of brands to earn free computers, software, sports equipment, reference materials, and even the ultimate prize: a 15-passenger van. There are hundreds of items to choose from.

Over the years, we've helped meet the growing needs of students from pre-kindergarten through 12th grade by providing more than \$90 million in valuable merchandise for local schools.

LFE gets participants involved with our brands on an emotional level, which helps build strong relationships with loyal consumers and local retail grocers.

This year, "Back to School" and spring promotions are designed to drive retail sales and increase *LFE* awareness. An "instant-win" consumer sweepstakes will provide even more opportunities to build better schools, one label at a time.

To sign your local school up for *LFE*, visit www.labelsforeducation.com or call us at 1-800-424-5331.



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Results of Operations

Overview

Net earnings were \$714 million, or \$1.65 per share, for 2000. (All earnings per share amounts included in Management's Discussion and Analysis are presented on a diluted basis.) Comparisons to 1999 earnings are impacted by a fourth quarter pre-tax restructuring charge of \$36 million, net of a \$5 million reversal of a 1998 charge (\$27 million after tax or \$.06 per share). In addition, the results for 1999 included certain fourth quarter non-recurring costs of \$22 million (\$15 million after tax or \$.03 per share). The non-recurring costs were related to the restructuring program, unusual costs of terminated acquisition studies and expenses associated with certain supply chain initiatives.

Excluding the impact of the restructuring charge, net earnings declined 6% and earnings per share declined 2%. Excluding both the restructuring and non-recurring costs, earnings per share declined 4%. The earnings performance was largely driven by a 3% decline in shipments of U.S. soups.

Sales

Sales in 2000 declined 2% to \$6.27 billion from \$6.42 billion. The decline was attributed to a 2% decrease due to volume and mix, 1% due to currency, 1% due to divestitures, offset by a 2% increase in selling prices. Sales in 1999 decreased 4% as follows: 6% decrease due to divestitures, 1% due to currency, offset by a 2% increase from higher selling prices and 1% growth from acquisitions.

An analysis of net sales by segment follows:

(millions)	2000	1999	1998	% Change	
				2000/ 1999	1999/ 1998
Soup and Sauces	\$4,306	\$4,423	\$4,427	(3)	-
Biscuits and Confectionery	1,462	1,430	1,522	2	(6)
Away From Home	533	507	453	5	12
Other	28	126	343	(78)	(63)
Intersegment	(62)	(62)	(49)		
	\$6,267	\$6,424	\$6,696	(2)	(4)

The 3% decline in sales from Soup and Sauces versus 1999 was primarily due to a 2% decrease in worldwide wet soup volume, driven by a 4.5% decline in U.S. soup consumption. International shipments declined 1%, primarily due to underperformance in the United Kingdom and Canada, offset by growth in Australia, Germany, and France. Total beverage sales declined due to a consumption decline for *V8 Splash*. Sales of U.S. sauces and prepared foods declined over the prior year.

In 1999, sales from Soup and Sauces remained flat versus 1998. Sales were impacted by a 4% decline in

worldwide wet soup volume driven by an 8% decline in U.S. wet soup volume resulting from the elimination of quarter-end promotions. This decline was partially offset by strong consumer demand for ready to serve *Chunky* soups and *Swanson* broths. International soup volume increased 7%, primarily due to the fiscal 1998 acquisition of Liebig in France. Beverages, driven by *V8 Splash*, continued to deliver strong sales growth in 1999. U.S. sauces and prepared food sales were down versus 1998.

Sales from Biscuits and Confectionery increased 2% compared to 1999 primarily due to the performance of the core cracker business of Arnotts in Australia and Godiva Chocolatier, offsetting softness of Pepperidge Farm bakery products. Godiva recorded double-digit sales growth, due in part to new store openings.

In 1999, Biscuits and Confectionery reported a decline in sales compared to 1998 primarily due to the divestiture of Delacre in June 1998. Excluding the impact of divestitures and currency, sales increased 6% led by Godiva Chocolatier with expansion of new retail outlets in North America, Japan, and Europe. Arnotts in Australia reported sales growth due to increased sales of higher value products.

Sales grew 5% in Away From Home compared to 1999 behind growth in the core soup business through the expansion of *Campbell's* branded soup in university cafeterias, convenience stores and other outlets.

Away From Home reported a 12% increase in sales in 1999 due in part to the acquisition of the *Stockpot* premium refrigerated soup brand in the first quarter of 1999.

The decline in sales from Other in 2000 was due to the divestiture of Fresh Start Bakeries, Inc. in May 1999 and MacFarms in April 2000. The decline in sales from Other in 1999 was attributed to the full-year impact of the 1998 portfolio reconfiguration and the partial impact of the divestiture of Fresh Start Bakeries, Inc. In 1998, the company divested several non-strategic businesses, including Continental Sweets, a European confectionery and distribution business, Melbourne Mushrooms, an Australian mushroom business, and Spring Valley, an Australian beverage business.

Gross Margin

Gross margin, defined as net sales less cost of products sold, decreased by \$15 million in 2000 due to lower sales. As a percent of sales, gross margin was 53.6% in 2000, 52.5% in 1999, and 51.7% in 1998. The improvements in gross margin percentage in 2000 and 1999 were due principally to higher selling prices, cost savings generated from global procurement initiatives and continued productivity gains in manufacturing facilities, which offset the adverse mix impact resulting from declines in U.S. wet soup volume.

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Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 25.9% in 2000, 25.4% in 1999, and 22.7% in 1998. The increase in 2000 was primarily due to incremental selling costs associated with new stores in the Godiva Chocolatier business. The increase in 1999 was driven by consumer and trade promotion for *V8 Splash*, *Chunky* soup and Pepperidge Farm products and the growth in retail stores in the Godiva business.

General and Administrative Expenses

Administrative expenses as a percent of sales increased to 5.1% from 4.7% in 1999. The increase was primarily due to higher compensation costs and costs associated with the Away From Home infrastructure. In 1999, administrative expenses increased as a percent of sales to 4.7% from 4.5% in 1998. The increase was primarily due to investments in information systems, including costs associated with addressing the Year 2000 issue.

Research and development expenses as a percent of sales remained unchanged.

Other expenses increased as compared to the prior year primarily due to higher incentive compensation costs. In 1999, other expenses remained flat with 1998 as a result of higher amortization expense offset by lower incentive compensation costs and a non-recurring gain on a divestiture recorded in 1998.

Operating Earnings

Segment operating earnings were relatively unchanged in 2000 as compared to the prior year. Excluding the 1999 net restructuring charge, segment earnings declined 3%. Segment operating earnings in 1999 increased 5% compared to 1998. Excluding the 1999 and 1998 restructuring charges of \$36 million and \$262 million, respectively, segment operating earnings decreased 10% in 1999.

An analysis of operating earnings by segment follows:

(millions)	2000	1999 ¹	1998 ²	% Change	
				2000/ 1999	1999/ 1998
Soup and Sauces	\$1,081	\$1,082	\$1,109	-	(2)
Biscuits and Confectionery	213	215	206	(1)	4
Away From Home	53	57	53	(7)	8
Other	-	(5)	(85)		
	1,347	1,349	1,283	-	5
Corporate	(82)	(79)	(35)		
	\$1,265	\$1,270	\$1,248		

¹ Contributions to earnings by segment included the effect of a fourth quarter 1999 pre-tax restructuring charge of \$36, net of a \$5 reversal of a prior period restructuring charge, as follows: Soup and Sauces - \$22, Biscuits and Confectionery - \$1, and Other - \$13.

² Contributions to earnings by segment included the effect of a third quarter 1998 pre-tax restructuring charge of \$262 as follows: Soup and Sauces - \$135, Biscuits and Confectionery - \$25, Away From Home - \$4, and Other - \$98.

Earnings from Soup and Sauces declined 2% in 2000, excluding the 1999 net restructuring charge, due primarily to the decline in U.S. wet soup sales, combined with the declines in *Pace*, *Franco-American*, and beverages.

Earnings from Soup and Sauces, excluding the restructuring charges, were down 11% in 1999, due to lower U.S. condensed soup shipments, increased marketing spending behind new business development, and weakness in sauces and prepared food categories.

In 2000, earnings from Biscuits and Confectionery declined 1% primarily due to increased marketing costs behind the *Pepperidge Farm Goldfish* brand, offset by an increase in earnings from Arnotts and Godiva.

In 1999, earnings from Biscuits and Confectionery, excluding the restructuring charges, were down 6% primarily due to increased marketing spending at Pepperidge Farm driven by the competitive environment in the cheese cracker category.

Earnings from Away From Home declined 7% in 2000 due to higher costs associated with the new Stockpot manufacturing facility and increased investment in growth initiatives.

In 1999, earnings from Away From Home remained flat versus 1998, excluding the restructuring charges. The increase in sales was offset by costs associated with supply chain initiatives and the expansion of Campbell branded products beyond traditional markets.

Earnings from Other, excluding the 1999 net restructuring charge, declined in 2000 due to the divestitures of Fresh Start Bakeries, Inc. in May 1999 and MacFarms in April 2000.

Earnings from Other, excluding the restructuring charges, declined 38% in 1999 due to the divestitures of several non-strategic businesses in 1998.

Corporate expenses increased in 2000 due to an increase in compensation costs. The increase in corporate expenses in 1999 was primarily attributed to increases in unallocated general and administrative costs, including costs associated with addressing the Year 2000 issue and other information system investments, and the costs of terminated acquisition studies. In 1998, corporate expenses were partially offset by a gain from a divestiture.

Non-Operating Items

Interest expense increased 8% in 2000 due to an increase in interest rates during the period, primarily on commercial paper. Interest expense declined 3% in 1999 primarily due to lower interest rates compared to 1998.

The effective tax rate was 33.7% in 2000. The rate was favorably impacted by a lower effective rate on foreign earnings, primarily driven by a reduction in the Australian

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statutory rate. The 1999 effective tax rate was 34% compared to 35.8% in 1998. Excluding the restructuring charges, the effective tax rate was 33.7% in 1999 and 34% in 1998. The 1999 rate was favorably impacted by a federal tax refund recorded during the year.

Discontinued Operations

On March 30, 1998, the company completed the spin-off of its Specialty Foods segment to its shareowners as an independent publicly-traded company (Vlasic Foods International Inc.). Accordingly, the company reported the net operating results and net assets as a discontinued operation. The 1998 loss from discontinued operations included eight months of operations, a third quarter 1998 restructuring charge of \$22 million (\$.05 per share) and spin-off costs of \$38 million (\$.08 per share). The restructuring program was designed to improve operational efficiency by closing certain U.S. and European administrative offices and production facilities. The spin-off costs primarily consisted of taxes and legal and advisory services incurred in connection with the transaction. Earnings from discontinued operations, before restructuring charges and spin-off costs, were \$42 million in 1998. See Note 3 to the Consolidated Financial Statements for further discussion of discontinued operations.

Restructuring Charges

A restructuring charge included in earnings from continuing operations of \$41 million (\$30 million after tax or \$.07 per share) was recorded in the fourth quarter 1999 to cover the costs of a restructuring and divestiture program approved in July 1999 by the company's Board of Directors. This charge related to the streamlining of certain North American and European production and administrative facilities and the anticipated cost of a divestiture of a non-strategic business with annual sales of approximately \$25 million.

The restructuring charge included approximately \$20 million in cash charges primarily related to severance and employee benefit costs. The remaining balance included non-cash charges related to the disposition of plant assets and the divestiture. The company substantially completed the restructuring and divestiture program in 2000.

A \$5 million (\$3 million after tax or \$.01 per share) reversal of the 1998 restructuring charge was also recorded in the fourth quarter of 1999. The reversal reflected the net impact of changes in estimates and modifications to the original program. The initial charge for the third quarter 1998 program was \$262 million (\$193 million after tax or \$.42 per share). This program was designed to improve operational efficiency by rationalizing certain U.S., European and Australian production and administrative facilities and divesting non-strategic businesses. This program was completed by the second quarter 2000.

See Note 6 to the Consolidated Financial Statements for further discussion of the programs.

Liquidity and Capital Resources

Strong cash flows from operations, a strong balance sheet and interest coverage demonstrate the company's financial strength.

Cash flows from operations provided \$1.2 billion in 2000, compared to \$954 million in 1999. The increase was primarily due to improvements in working capital. Over the last three years, operating cash flows totaled approximately \$3 billion. This strong cash generating capability provides the company with substantial financial flexibility in meeting operating and investing objectives and in executing the company's ongoing share repurchase program.

Capital expenditures were \$200 million in 2000, representing a decrease of \$97 million over 1999. Capital expenditures are projected to be approximately \$230 million in 2001.

Sale of businesses represents the divestiture of MacFarms in 2000 and Fresh Start Bakeries, Inc. in 1999.

Long-term borrowings in 1999 represented the issuance of \$300 million 4.75% notes due October 31, 2003. The proceeds of these notes were used primarily to repay short-term borrowings. There were no new long-term borrowings in 2000. The company has \$600 million available under a shelf registration as of July 30, 2000.

Short-term borrowings decreased over 1999 primarily due to the increase in cash flows from operations.

The company has financial resources available, including unconditional lines of credit totaling approximately \$1.8 billion, and has ready access to financial markets around the world. The pre-tax interest coverage ratio was 6.2 for 2000 compared to 6.9 for 1999, before the net restructuring charge.

Dividend payments decreased \$2 million or 1% to \$384 million in 2000, compared to \$386 million in 1999 due to lower shares outstanding as a result of the share repurchase program. Dividends declared in 2000 totaled \$.90 per share, up from \$.885 per share in 1999. The 2000 fourth quarter rate was \$.225 per share.

Capital stock repurchases totaled 10.7 million shares at a cost of \$394 million during 2000, compared to repurchases of 21.8 million shares at a cost of \$1 billion in 1999. The company's Board of Directors approved a three-year \$2 billion share repurchase program in 1998. By repurchasing shares, the company expects to utilize existing cash and debt capacity to lower its cost of capital and increase returns to shareowners. The company's long-term strategy is to repurchase approximately 2% of its outstanding shares annually.

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Total assets declined 6% to \$5.2 billion primarily due to a decrease in accounts receivable, inventory, plant assets and intangible assets.

Total liabilities decreased to \$5.1 billion, versus \$5.3 billion in 1999 principally due to lower debt levels.

Total shareowners' equity on a book basis declined from \$235 million in 1999 to \$137 million in 2000 primarily due to the share repurchases.

Inflation

Inflation during recent years has not had a significant effect on the company. The company mitigates the effects of inflation by aggressively pursuing cost productivity initiatives, including global procurement strategies, and managing capital investments in its manufacturing and administrative facilities.

Market Risk Sensitivity

The principal market risks to which the company is exposed are changes in interest rates and foreign currency exchange rates. In addition, the company is exposed to equity price changes related to certain employee 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 account for approximately 25% of 2000 net sales, are concentrated principally in Germany, France, the United Kingdom, Canada and Australia. The company manages its foreign currency exposures by borrowing in various foreign currencies and utilizing cross-currency swaps and forward contracts. 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. On occasion, the company may also enter into commodity future contracts, as considered appropriate, to reduce the volatility of price fluctuations for commodities such as corn, soybean meal and cocoa. At July 30, 2000 and August 1, 1999 the notional values and unrealized gains or losses on commodity contracts held by the company were not material.

The information below summarizes the company's market risks associated with debt obligations and other significant financial instruments as of July 30, 2000. Fair values included herein have been determined based on quoted market prices. The information presented below should be read in conjunction with Notes 18 and 20 to the Consolidated Financial Statements.

The table below presents principal cash flows and related interest rates by fiscal year of maturity for debt obligations. Variable interest rates disclosed represent the weighted average rates of the portfolio at the period end.

The company also had certain interest rate swaps outstanding at August 1, 1999, which matured in 2000. With these instruments, \$100 million of commercial paper borrowings was converted to fixed (8.24%) and \$150 million of fixed-rate debt (5.76%) was converted to variable. The fair value of the swaps was \$2 million at August 1, 1999.

Expected Fiscal Year of Maturity

(US\$ equivalents in millions)

	2001	2002	2003	2004	2005	There- after	Total	Fair Value
Debt								
Fixed rate	\$ 119	\$5	\$300	\$401 ¹	\$1	\$511	\$1,337	\$1,330
Weighted average interest rate	7.06%	5.71%	6.15%	4.97%	9.0%	7.70%	6.47%	
Variable rate	\$1,754						\$1,754	\$1,754
Weighted average interest rate	6.57%						6.57%	

¹ \$100 million callable in 2001

As of August 1, 1999, fixed-rate debt of approximately \$1.5 billion with an average interest rate of 6.36% and variable-rate debt of approximately \$1.8 billion with an average interest rate of 5.09% was outstanding.

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The company is exposed to foreign currency exchange risk related to its international operations, including net investments in subsidiaries and subsidiary debt which is denominated in currencies other than the functional currency of those businesses. The table below summarizes the cross-currency swaps outstanding as of July 30, 2000 which hedge these exposures. The notional amounts of each currency and the related weighted average forward interest rates are presented in the Cross-Currency Swaps table.

Cross-Currency Swaps

(US\$ equivalents in millions)

	Expiration	Interest Rate	Notional Value
Pay fixed DM		5.71%	
Receive fixed US\$	2001	7.56%	\$107
Pay variable FrF		5.40%	
Receive variable US\$	2003	7.38%	\$110

The aggregate fair value of the contracts was \$22 million as of July 30, 2000.

The notional amount and fair value of cross-currency contracts outstanding at August 1, 1999 were \$333 million and \$3 million, respectively. These contracts, except for the variable French Franc contract included in the table above, expired in 2000.

The company is also exposed to foreign exchange risk as a result of transactions in currencies other than the functional currency of particular subsidiaries. The company utilizes foreign currency forward purchase and sale contracts in order to hedge these exposures. The table below summarizes the foreign currency forward contracts outstanding with the weighted average contract exchange rates as of July 30, 2000.

Forward Exchange Contracts

(US\$ equivalents in millions)

	Contract Amount	Average Contractual Exchange Rate
Receive CAD/Pay US\$	\$145	1.47
Receive EUR/Pay US\$	\$ 63	0.94
Receive EUR/Pay GBP	\$ 15	0.61
Receive BEF/Pay JPY	\$ 3	2.61
Receive CHF/Pay US\$	\$ 3	1.65

The company has an additional \$7 million in a number of smaller contracts to purchase or sell various other currencies, principally Australian, as of July 30, 2000. The aggregate fair value of the contracts, which is not material to any individual contract, was \$(3) million as of July 30, 2000. Total forward exchange contracts outstanding as of August 1, 1999 were \$177 million.

The company has swap contracts outstanding as of July 30, 2000 which hedge a portion of exposures relating to certain employee compensation liabilities linked to the total return of the Standard & Poor's 500 Index or to the total return of the company's capital stock. Under these contracts, the company pays variable interest rates and

receives from the counterparty either the Standard & Poor's 500 Index total return or the total return on company capital stock. The notional value of the contract that includes the return on the Standard & Poor's 500 Index was \$29 million at July 30, 2000 and \$26 million at August 1, 1999. The average forward interest rate applicable to this contract, which expires in 2001, is 6.96% at July 30, 2000. The notional value of the contract that includes the total return on company capital stock was \$50 million at July 30, 2000 and \$76 million at August 1, 1999. The forward interest rate applicable to this contract, which expires in 2003, is 7.06% at July 30, 2000. The net cost to settle these contracts was \$25 million at July 30, 2000. Gains and losses on the contracts are recognized as adjustments to the carrying value of the underlying obligations.

The company's utilization of financial instruments in managing market risk exposures described above is consistent with the prior year. Changes in the portfolio of financial instruments are a function of the results of operations and market effects and the company's acquisition and divestiture activities.

Recent Developments

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133, as amended by SFAS No. 138, is effective for fiscal years beginning after June 15, 2000. The standard requires that all derivative instruments be recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in earnings or other comprehensive income, based on whether the instrument is designated as part of a hedge transaction and, if so, the type of hedge transaction. The company is required to adopt this statement in the first quarter of 2001. The cumulative effect of adoption will not be material. The impact of SFAS No. 133 on the company's future results will be dependent upon the fair values of the company's derivatives and related financial instruments and could result in increased volatility.

In March 2000, the Emerging Issues Task Force (EITF) released Issue 00-07, "Application of EITF Issue No. 96-13, 'Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock,' to Equity Derivative Transactions That Contain Certain Provisions That Require Cash Settlement If Certain Events Outside the Control of the Issuer Occur." The EITF reached a consensus that equity derivative contracts that include any provision that could require net cash settlement can no longer be accounted for as equity. Such contracts are initially recorded at fair value and must be accounted for as an asset or

Management's Discussion and Analysis of Results of Operations and Financial Condition

liability with subsequent changes in the fair value of the derivative included in earnings. Similarly the EITF reached a consensus that equity derivative contracts with any provisions that could require physical settlement by a cash payment to the counterparty in exchange for the issuer's shares can no longer be accounted for as permanent equity. Instead, the contracts should be classified as temporary or mezzanine equity. Both of these conclusions do not allow for an evaluation of the likelihood that otherwise unlikely or remote events would trigger cash settlement.

In September 2000, the EITF reached a consensus clarifying instances when it is appropriate to classify such contracts in shareowners' equity in Issue 00-19 *"Determination of Whether Share Settlement is within the Control of the Company for Purposes of Applying Issue No. 96-13, 'Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock'."*

The company has a forward stock purchase contract outstanding that is accounted for as permanent equity. See Note 21 to the Consolidated Financial Statements. The company is evaluating the impact of the EITF Issues and possible amendments to contract provisions with the counterparty. The EITF concluded that the consensus should be applied to new contracts entered into after the date of the final consensus and to existing contracts that remain outstanding on June 30, 2001. The ultimate resolution and impact of the accounting for the contract will be dependent upon the results of the review of contract provisions with the counterparty and fluctuations in the company's share price.

In May 2000, the EITF issued a consensus on Issue 00-14 *"Accounting for Certain Sales Incentives."* The EITF concluded that certain consumer and trade sales promotion expenses should be classified as a reduction of sales rather than as marketing expenses. In September 2000, the EITF reached a final consensus in Issue 00-10 on *"Accounting for Shipping and Handling Costs"* that such costs cannot be reported as a reduction of revenue. The company currently classifies certain shipping and handling costs as a reduction of sales. The company is currently evaluating the impact of these Issues, which are expected to become effective in the fourth quarter 2001. Upon adoption, prior period amounts will be restated to conform with the new requirements. As reclassifications, these changes will not have a material effect on the company's financial position or earnings.

On September 7, 2000, the company issued a press release announcing results for fiscal 2000 and commented on analysts' expectations for the first quarter of fiscal 2001 and the outlook for earnings per share for the full year.

Forward-Looking Statements

This 2000 Annual Report contains certain statements, which reflect the company's current expectations regarding future results of operations, economic performance, financial condition and achievements of the company. The company has tried, wherever possible, to identify these forward-looking statements by using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. These statements reflect the company's current plans and expectations and are based on information currently available to it. They rely on a number of assumptions and estimates which could be inaccurate and which are subject to risks and uncertainties.

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

- the impact of strong competitive response to the company's efforts to leverage its brand power with product innovation, promotional programs and new advertising;
- the inherent risks in the marketplace associated with new product introductions, including uncertainties about trade and consumer acceptance;
- the company's ability to achieve sales and earnings forecasts, which are based on assumptions about sales volume and product mix;
- the availability of new acquisition and alliance opportunities that build shareowner wealth;
- the company's ability to achieve its cost savings objectives, including the projected outcome of supply chain management programs;
- the difficulty of predicting the pattern of inventory movements by the company's trade customers; and
- the impact of unforeseen economic and political changes in international markets where the company competes such as currency exchange rates, inflation rates, recession, foreign ownership restrictions and other external factors over which the company has no control.

This discussion of uncertainties is by no means exhaustive but is designed to highlight important factors that may impact the company's outlook.

Consolidated Statements of Earnings

(millions, except per share amounts)

	2000	1999	1998
Net Sales	\$6,267	\$6,424	\$6,696
Costs and expenses			
Cost of products sold	2,908	3,050	3,233
Marketing and selling expenses	1,622	1,634	1,518
Administrative expenses	319	304	300
Research and development expenses	64	66	71
Other expenses (Note 7)	89	64	64
Restructuring charges (Note 6)	-	36	262
Total costs and expenses	5,002	5,154	5,448
Earnings Before Interest and Taxes	1,265	1,270	1,248
Interest expense (Note 8)	198	184	189
Interest income	10	11	14
Earnings before taxes	1,077	1,097	1,073
Taxes on earnings (Note 11)	363	373	384
Earnings from Continuing Operations	714	724	689
Loss from Discontinued Operations (Note 3)	-	-	(18)
Cumulative Effect of Change in Accounting Principle (Note 4)	-	-	(11)
Net Earnings	\$ 714	\$ 724	\$ 660
Per Share - Basic			
Earnings from continuing operations	\$ 1.68	\$ 1.64	\$ 1.52
Loss from discontinued operations	-	-	(.04)
Cumulative effect of change in accounting principle	-	-	(.02)
Net Earnings	\$ 1.68	\$ 1.64	\$ 1.46
Weighted average shares outstanding - basic	425	441	454
Per Share - Assuming Dilution			
Earnings from continuing operations	\$ 1.65	\$ 1.63	\$ 1.50
Loss from discontinued operations	-	-	(.04)
Cumulative effect of change in accounting principle	-	-	(.02)
Net Earnings	\$ 1.65	\$ 1.63	\$ 1.44
Weighted average shares outstanding - assuming dilution	432	445	460

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(millions, except per share amounts)

	July 30, 2000	August 1, 1999
Current Assets		
Cash and cash equivalents	\$ 27	\$ 6
Accounts receivable (Note 12)	443	541
Inventories (Note 13)	571	615
Other current assets (Note 14)	127	132
Total current assets	1,168	1,294
Plant Assets, Net of Depreciation (Note 15)	1,644	1,726
Intangible Assets, Net of Amortization (Note 16)	1,767	1,910
Other Assets (Note 17)	617	592
Total assets	\$5,196	\$5,522
Current Liabilities		
Notes payable (Note 18)	\$1,873	\$1,987
Payable to suppliers and others	509	511
Accrued liabilities	360	415
Dividend payable	95	97
Accrued income taxes	195	136
Total current liabilities	3,032	3,146
Long-term Debt (Note 18)	1,218	1,330
Nonpension Postretirement Benefits (Note 10)	364	394
Other Liabilities (Note 19)	445	417
Total liabilities	5,059	5,287
Shareowners' Equity (Note 21)		
Preferred stock; authorized 40 shares; none issued	-	-
Capital stock, \$.0375 par value; authorized 560 shares; issued 542 shares	20	20
Capital surplus	344	382
Earnings retained in the business	4,373	4,041
Capital stock in treasury, 121 shares in 2000 and 113 shares in 1999, at cost	(4,373)	(4,058)
Accumulated other comprehensive income	(227)	(150)
Total shareowners' equity	137	235
Total liabilities and shareowners' equity	\$5,196	\$5,522

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(millions)

	2000	1999	1998
Cash Flows from Operating Activities:			
Earnings from continuing operations	\$ 714	\$ 724	\$ 678
Non-cash charges to net earnings			
Cumulative effect of accounting change	-	-	11
Restructuring charges	-	36	262
Depreciation and amortization	251	255	261
Deferred taxes	17	78	(21)
Other, net	20	5	53
Changes in working capital			
Accounts receivable	90	108	(159)
Inventories	23	(58)	(29)
Other current assets and liabilities	50	(194)	(116)
Net Cash Provided by Operating Activities	1,165	954	940
Cash Flows from Investing Activities:			
Purchases of plant assets	(200)	(297)	(256)
Sales of plant assets	7	9	148
Businesses acquired	-	(105)	(478)
Sales of businesses	11	103	200
Other, net	(22)	(32)	(5)
Net Cash Used in Investing Activities	(204)	(322)	(391)
Cash Flows from Financing Activities:			
Long-term borrowings	-	323	305
Repayments of long-term borrowings	(7)	(8)	(36)
Short-term borrowings	1,028	1,537	1,847
Repayments of short-term borrowings	(1,206)	(1,111)	(2,187)
Dividends paid	(384)	(386)	(367)
Treasury stock purchases	(394)	(1,026)	(669)
Treasury stock issuances	20	35	64
Net Cash Used in Financing Activities	(943)	(636)	(1,043)
Net Cash Provided by Discontinued Operations	-	-	511
Effect of Exchange Rate Changes on Cash	3	(6)	(18)
Net Change in Cash and Cash Equivalents	21	(10)	(1)
Cash and Cash Equivalents – Beginning of Year	6	16	17
Cash and Cash Equivalents – End of Year	\$ 27	\$ 6	\$ 16

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareowners' Equity

(millions, except per share amounts)

	Capital Stock				Capital Surplus	Earnings Retained in the Business	Accumulated Other Comprehensive Income	Total Shareowners' Equity
	Issued Shares	Amount	In Treasury Shares	Amount				
Balance at August 3, 1997	542	\$20	(84)	\$(2,459)	\$338	\$3,571	\$ (50)	\$1,420
Comprehensive income								
Net earnings						660		660
Foreign currency translation adjustments							(114)	(114)
Dividends (\$.823 per share)						(375)		(375)
Treasury stock purchased			(13)	(669)				(669)
Treasury stock issued under management incentive and stock option plans			3	45	57			102
Spin-off of Specialty Foods segment						(150)		(150)
Balance at August 2, 1998	542	20	(94)	(3,083)	395	3,706	(164)	874
Comprehensive income								
Net earnings						724		724
Foreign currency translation adjustments							14	14
Dividends (\$.885 per share)						(389)		(389)
Treasury stock purchased			(22)	(1,026)				(1,026)
Treasury stock issued under management incentive and stock option plans			3	51	(13)			38
Balance at August 1, 1999	542	20	(113)	(4,058)	382	4,041	(150)	235
Comprehensive income								
Net earnings						714		714
Foreign currency translation adjustments							(77)	(77)
Dividends (\$.90 per share)						(382)		(382)
Treasury stock purchased			(11)	(394)				(394)
Treasury stock issued under management incentive and stock option plans			3	79	(38)			41
Balance at July 30, 2000	542	\$20	(121)	\$(4,373)	\$344	\$4,373	\$(227)	\$ 137

See accompanying Notes to Consolidated Financial Statements.

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

1. Summary of Significant Accounting Policies

Consolidation - The consolidated financial statements include the accounts of the company and its majority-owned subsidiaries. Significant intercompany transactions are eliminated in consolidation. Investments of 20% or more in affiliates are accounted for by the equity method.

Fiscal Year - The company's fiscal year ends on the Sunday nearest July 31. There were 52 weeks in 2000, 1999 and 1998.

Cash and Cash Equivalents - All highly liquid debt instruments purchased with a maturity of three months or less are classified as cash equivalents.

Inventories - Substantially all domestic inventories are priced at the lower of cost or market, with cost determined by the last in, first out (LIFO) method. Other inventories are priced at the lower of average cost or market.

Plant Assets - Plant assets are stated at historical cost. Alterations and major overhauls, which extend the lives or increase the capacity of plant assets, are capitalized. The amounts for property disposals are removed from plant asset and accumulated depreciation accounts and any resultant gain or loss is included in earnings. Ordinary repairs and maintenance are charged to operating costs.

Depreciation - Depreciation provided in Costs and expenses is calculated using the straight-line method. Buildings and machinery and equipment are depreciated over periods not exceeding 45 years and 15 years, respectively. Accelerated methods of depreciation are used for income tax purposes in certain jurisdictions.

Intangible Assets - Intangible assets consist principally of excess purchase price over net assets of businesses acquired and trademarks. Intangibles are amortized on a straight-line basis over periods not exceeding 40 years.

Asset Valuation - The company periodically reviews the recoverability of plant assets and intangibles based principally on an analysis of undiscounted cash flows.

Derivative Financial Instruments - The company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates, foreign currency exchange rates and equity-linked employee benefit obligations. The differential to be paid or received on interest rate swaps is recognized as an adjustment to interest expense. Gains and losses on hedges of existing assets or liabilities are included in the carrying amounts of those assets or liabilities and ultimately recognized in earnings. Gains and losses related to qualifying hedges of firm commitments or anticipated transactions are deferred and are recognized in earnings or as adjustments of carrying amounts when the hedged transaction occurs.

Use of Estimates - Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenses. Actual results could differ from those estimates.

Reclassifications - Prior year financial statements and footnotes have been reclassified to conform to the current year presentation.

New Accounting Standards - In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, *"Accounting for Derivative Instruments and Hedging Activities."* SFAS No. 133, as amended by SFAS No. 138, is effective for fiscal years beginning after June 15, 2000. The standard requires that all derivative instruments be recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in earnings or other comprehensive income, based on whether the instrument is designated as part of a hedge transaction and, if so, the type of hedge transaction. The company is required to adopt this statement in the first quarter of 2001. The cumulative effect of adoption will not be material. The impact of SFAS No. 133 on the company's future results will be dependent upon the fair values of the company's derivatives and related financial instruments and could result in increased volatility.

In March 2000, the Emerging Issues Task Force (EITF) released Issue 00-07, *"Application of EITF Issue No. 96-13, 'Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock,' to Equity Derivative Transactions That Contain Certain Provisions That Require Cash Settlement If Certain Events Outside the Control of the Issuer Occur."* The EITF reached a consensus that equity derivative contracts that include any provision that could require net cash settlement can no longer be accounted for as equity. Such contracts are initially recorded at fair value and must be accounted for as an asset or liability with subsequent changes in the fair value of the derivative included in earnings. Similarly the EITF reached a consensus that equity derivative contracts with any provisions that could require physical settlement by a cash payment to the counterparty in exchange for the issuer's shares can no longer be accounted for as permanent equity. Instead, the contracts should be classified as temporary or mezzanine equity. Both of these conclusions do not allow for an evaluation of the likelihood that otherwise unlikely or remote events would trigger cash settlement.

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

In September 2000, the EITF reached a consensus clarifying instances when it is appropriate to classify such contracts in shareowners' equity in Issue 00-19 "Determination of Whether Share Settlement is within the Control of the Company for Purposes of Applying Issue No. 96-13, 'Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock'."

The company has a forward stock purchase contract outstanding that is accounted for as permanent equity. See Note 21. The company is evaluating the impact of the EITF Issues and possible amendments to contract provisions with the counterparty. The EITF concluded that the consensus should be applied to new contracts entered into after the date of the final consensus and to existing contracts that remain outstanding on June 30, 2001. The ultimate resolution and impact of the accounting for the contract will be dependent upon the results of the review of contract provisions with the counterparty and fluctuations in the company's share price.

In May 2000, the EITF issued a consensus on Issue 00-14 "Accounting for Certain Sales Incentives." The EITF concluded that certain consumer and trade sales promotion expenses should be classified as a reduction of sales rather than as marketing expenses. In September 2000, the EITF reached a final consensus in Issue 00-10 on "Accounting for Shipping and Handling Costs" that such costs cannot be reported as a reduction of revenue. The company currently classifies certain shipping and handling costs as a reduction of sales. The company is currently evaluating the impact of these Issues, which are expected to become effective in the fourth quarter 2001. Upon adoption, prior period amounts will be restated to conform with the new requirements. As reclassifications, these changes will not have a material effect on the company's financial position or earnings.

2. Comprehensive Income

In 1999, the company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income," issued in June 1997. SFAS No. 130 establishes a standard for reporting of comprehensive income, which is comprised of net income and other comprehensive income items, in the financial statements. Other comprehensive income includes items recorded in shareowners' equity that are not the result of transactions with shareowners, such as foreign currency translation adjustments. As of July 30, 2000 and August 1, 1999, accumulated other comprehensive income, as reflected in the statements of shareowners' equity, represents the cumulative translation adjustment.

3. Discontinued Operations

Effective March 30, 1998, the company spun off its Specialty Foods segment to its shareowners as an independent publicly traded company. The spin-off qualified as a tax-free distribution to U.S. shareholders. Shareowners of record as of March 9, 1998 received one share of common stock of the new company, Vlasic Foods International Inc. (Vlasic), for every ten shares of Campbell Soup Company capital stock.

Results of discontinued operations for the eight-month period ended March 29, 1998 were as follows:

Net sales	\$809
Earnings before taxes	\$ 41
Taxes on earnings	21
Earnings from operations	20
Spin-off costs	38
Loss from discontinued operations	\$ (18)

4. Cumulative Effect of Change in Accounting Principle

In 1998, the company adopted the provisions of the Emerging Issues Task Force consensus ruling on Issue 97-13, "Accounting for Costs Incurred in Connection with a Consulting Contract that Combines Business Process Reengineering and Information Technology Transformation." The unamortized balance of previously capitalized business process reengineering costs was written off as a cumulative effect of change in accounting principle of \$11 or \$.02 per share, net of an income tax benefit of approximately \$7.

5. Business and Geographic Segment Information

The company operates in three business segments: Soup and Sauces, Biscuits and Confectionery and Away From Home. The segments are managed as strategic units due to their distinct manufacturing processes, marketing strategies and distribution channels.

The Soup and Sauces segment includes the worldwide soup businesses, *Prego* spaghetti sauces, *Pace* Mexican sauces, *Franco-American* pastas and gravies, *Swanson* broths, and *V8* and *V8 Splash* beverages. The Biscuits and Confectionery segment includes the *Godiva* Chocolatier, *Pepperidge Farm* and *Arnotts* businesses. The *Delacre* business, which was divested in June 1998, was also included in this segment. *Away From Home* represents the distribution of products, including *Campbell's* soups and *Campbell's Specialty Kitchen* entrees, to the food service and home meal replacement markets.

Accounting policies for measuring segment assets and earnings before interest and taxes are substantially consistent with those described in the summary of significant accounting policies included in Note 1. The company

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

evaluates segment performance based on earnings before interest and taxes, excluding certain non-recurring charges. Away From Home products are principally produced by the tangible assets of the company's other segments, except for the *Stockpot* premium refrigerated soups, which are produced in a separate facility, and certain frozen products which are produced under contract manufacturing agreements. Accordingly, with the exception of the designated Stockpot facility, plant assets have not been allocated to the Away From Home segment. Depreciation and amortization are allocated to Away From Home based on budgeted production hours. Transfers between segments are recorded at cost plus mark-up or at market.

Information about operations by business segment is as follows:

Business Segments

	Soup & Sauces	Biscuits & Confectionery	Away From Home	Other ¹	Corporate & Eliminations ²	Total
2000						
Net sales	\$4,306	1,462	533	28	(62)	\$6,267
Earnings before interest and taxes	\$1,081	213	53	-	(82)	\$1,265
Depreciation and amortization	\$ 126	83	16	1	25	\$ 251
Capital expenditures	\$ 119	64	4	-	13	\$ 200
Segment assets	\$2,750	1,364	371	7	704	\$5,196

	Soup & Sauces	Biscuits & Confectionery	Away From Home	Other ¹	Corporate & Eliminations ²	Total
1999						
Net sales	\$4,423	1,430	507	126	(62)	\$6,424
Earnings before interest and taxes ³	\$1,082	215	57	(5)	(79)	\$1,270
Depreciation and amortization	\$ 128	84	13	9	21	\$ 255
Capital expenditures	\$ 164	70	32	10	21	\$ 297
Segment assets	\$2,975	1,461	349	38	699	\$5,522

Business Segments (continued)

1998	Soup & Sauces	Biscuits & Confectionery	Away From Home	Other ¹	Corporate & Eliminations ²	Total
Net sales	\$4,427	1,522	453	343	(49)	\$6,696
Earnings before interest and taxes ¹	\$1,109	206	53	(85)	(35)	\$1,248
Depreciation and amortization	\$ 132	86	11	15	17	\$ 261
Capital expenditures	\$ 135	87	-	14	20	\$ 256
Segment assets	\$3,105	1,402	202	208	716	\$5,633

¹ Represents financial information of certain prepared convenience food businesses not categorized as reportable segments.

² Represents elimination of intersegment sales, unallocated corporate expenses and unallocated assets, including corporate offices, deferred income taxes and prepaid pension assets.

³ Contributions to earnings before interest and taxes by segment included the effects of a fourth quarter 1999 restructuring charge of \$36, net of a \$5 reversal of a prior period restructuring charge, as follows: Soup and Sauces - \$22, Biscuits and Confectionery - \$1, and Other - \$13.

⁴ Contributions to earnings before interest and taxes by segment included the effects of a third quarter 1998 restructuring charge of \$262 as follows: Soup and Sauces - \$135, Biscuits and Confectionery - \$25, Away From Home - \$4, and Other - \$98.

Geographic Area Information

Information about operations in different geographic areas is as follows:

	2000	1999	1998
Net sales			
United States	\$4,668	\$4,804	\$4,850
Europe	568	630	859
Australia/Asia Pacific	637	616	627
Other countries	467	438	417
Adjustments and eliminations	(73)	(64)	(57)
Consolidated	\$6,267	\$6,424	\$6,696

	2000	1999	1998
Earnings before interest and taxes			
United States	\$1,112	\$1,163	\$1,124
Europe	60	45	36
Australia/Asia Pacific	89	63	50
Other countries	86	78	73
Segment earnings before interest and taxes	1,347	1,349	1,283
Unallocated corporate expenses	(82)	(79)	(35)
Consolidated	\$1,265	\$1,270	\$1,248

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

Geographic Area Information (continued)

	2000	1999	1998
Identifiable assets			
United States	\$2,616	\$2,742	\$2,820
Europe	533	614	679
Australia/Asia Pacific	852	991	925
Other countries	491	476	493
Corporate	704	699	716
Consolidated	\$5,196	\$5,522	\$5,633

Transfers between geographic areas are recorded at cost plus markup or at market. Identifiable assets are those assets, including goodwill, which are identified with the operations in each geographic region. The 1999 net restructuring charge of \$36 is allocated to geographic regions as follows: United States - \$10, Europe - \$14, and Australia/Asia Pacific - \$12. The 1998 restructuring charge of \$262 is allocated to geographic regions as follows: United States - \$200, Europe - \$36, Australia/Asia Pacific - \$21, and Other - \$5.

6. Restructuring Program

A restructuring charge included in earnings from continuing operations of \$41 (\$30 after tax or \$.07 per share) was recorded in the fourth quarter 1999 to cover the costs of a restructuring and divestiture program approved in July 1999 by the company's Board of Directors. This charge related to the streamlining of certain North American and European production and administrative facilities and the anticipated cost of a divestiture of a non-strategic business with annual sales of approximately \$25.

The restructuring charge included approximately \$20 in cash charges primarily related to severance and employee benefit costs. The remaining balance included non-cash charges related to the disposition of plant assets and the divestiture. The restructuring and divestiture program was substantially completed in 2000.

A \$5 (\$3 after tax or \$.01 per share) reversal of the 1998 restructuring charge was also recorded in the fourth quarter 1999. The reversal reflected the net impact of changes in estimates and modifications to the original program. Two manufacturing facilities scheduled for closure in 1999 were not taken out of service due to changes in business and economic conditions subsequent to the original charge, while additional asset rationalization and plant reconfiguration strategies were implemented which resulted in incremental headcount reductions. The initial charge for the third quarter 1998 program was \$262 (\$193 after tax or \$.42 per share). This program was designed to improve

operational efficiency by rationalizing certain U.S., European and Australian production and administrative facilities and divesting non-strategic businesses. This program was completed by the second quarter 2000.

A summary of restructuring reserves at July 30, 2000, and related activity described above is as follows:

	Balance at August 1, 1999	Spending	Balance at July 30, 2000
Losses on asset dispositions			
and divestitures	\$19	(19)	\$ -
Severance and benefits	38	(27)	11
Other exit costs	3	(3)	-
Total	\$60	(49)	\$11

7. Other Expenses

	2000	1999	1998
Stock price related			
incentive programs	\$26	\$15	\$27
Amortization of intangible			
and other assets	55	58	53
Minority interests	1	1	6
Other, net	7	(10)	(22)
	\$89	\$64	\$64

8. Interest Expense

	2000	1999	1998
Interest expense	\$204	\$190	\$194
Less: Interest capitalized	6	6	5
	\$198	\$184	\$189

9. Acquisitions

In the first quarter of 1999, the company acquired the Stockpot premium refrigerated soup business, which is predominantly a U.S. food service business, for \$105.

During 1998, the company acquired the Liebig soup business in France for approximately \$180. Also, in 1998 Arnotts purchased the remaining outstanding ordinary shares held by its minority shareholders for an aggregate purchase price of approximately \$290. Prior to the transaction, the company owned approximately 70% of Arnotts.

Acquisitions were accounted for using the purchase method of accounting and accordingly, results of operations of the acquired companies are included in the consolidated financial statements from the dates the acquisitions were consummated. Proforma financial information of the acquisitions would not have had a material effect on net sales, net earnings or earnings per share for 1999 and 1998.

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

The allocation of the purchase price to assets acquired and liabilities assumed was based upon fair value estimates as follows:

	1999	1998
Working capital	\$ 1	\$ 32
Fixed assets	5	19
Intangibles	105	360
Other liabilities	(6)	-
Minority interests	-	67
	\$105	\$478

10. Pension and Postretirement Benefits

Pension Benefits - Substantially all of the company's U.S. and certain non-U.S. employees are covered by non-contributory defined benefit pension plans. In 1999, the company implemented significant amendments to certain U.S. plans. Under a new formula, retirement benefits are determined based on percentage of annual pay and age. To minimize the impact of converting to the new formula, service and earnings credit will continue to accrue for active employees participating in the plans under the formula prior to the amendments through the year 2014. Employees will receive the benefit from either the new or old formula, whichever is higher. Benefits become vested upon the completion of five years of service. Benefits are paid from funds previously provided to trustees and insurance companies or are paid directly by the company from general funds. Plan assets consist primarily of investments in equities, fixed income securities, and real estate.

Pension coverage for employees of certain non-U.S. subsidiaries are provided to the extent determined appropriate through their respective plans. Obligations under such plans are systematically provided for by depositing funds with trusts or under insurance contracts. The assets and obligations of these plans are not material.

Postretirement Benefits - The company provides postretirement benefits including healthcare and life insurance to substantially all retired U.S. employees and their dependents. In 1999, changes were made to the postretirement benefits offered to certain U.S. employees. Participants who were not receiving postretirement benefits as of May 1, 1999 will no longer be eligible to receive such benefits in the future, but the company will provide access to healthcare coverage for non-eligible future retirees on a group basis. Costs will be paid by the participants. To preserve the economic benefits for employees close to retirement, participants who were at least age 55 and had at least 10 years of continuous service remain eligible for postretirement benefits.

Components of net periodic benefit cost:

	Pension		
	2000	1999	1998
Service cost	\$ 37	\$ 29	\$ 31
Interest cost	103	91	94
Expected return on plan assets	(150)	(142)	(135)
Amortization of net transition obligation	(3)	(3)	(3)
Amortization of prior service cost	5	5	5
Recognized net actuarial (gain) loss	6	5	4
Curtailement	1	-	-
Net periodic pension income	\$ (1)	\$ (15)	\$ (4)

	Postretirement		
	2000	1999	1998
Service cost	\$ 5	\$10	\$11
Interest cost	18	19	22
Amortization of prior service cost	(11)	(6)	(4)
Amortization of net (gain) loss	(12)	(9)	(11)
Settlement	(3)	-	-
Net periodic postretirement (income) expense	\$ (3)	\$14	\$18

Change in benefit obligation:

	Pension		Postretirement	
	2000	1999	2000	1999
Obligation at beginning of year	\$1,405	\$1,332	\$246	\$313
Service cost	37	29	5	10
Interest cost	103	91	18	19
Plan amendments	7	3	(14)	(33)
Actuarial (gain) loss	(7)	62	35	(38)
Special termination benefits	-	6	-	-
Settlement	-	-	(2)	-
Curtailement	(2)	-	-	-
Benefits paid	(116)	(119)	(28)	(25)
Foreign currency adjustment	1	1	-	-
Benefit obligation at end of year	\$1,428	\$1,405	\$260	\$246

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

Change in the fair value of pension plan assets:

	2000	1999
Fair value at beginning of year	\$1,740	\$1,674
Actual return on plan assets	218	177
Employer contributions	2	2
Benefits paid	(112)	(115)
Foreign currency adjustment	(2)	2
Fair value at end of year	\$1,846	\$1,740

Funded status as recognized in the Consolidated Balance Sheet:

	Pension		Postretirement	
	2000	1999	2000	1999
Funded status at end of year	\$418	\$335	\$(260)	\$(246)
Unrecognized prior service cost	60	61	(44)	(43)
Unrecognized (gain) loss	(94)	(14)	(79)	(124)
Unrecognized net transition obligation	(1)	(4)	-	-
Net amount recognized	\$383	\$378	\$(383)	\$(413)

The current portion of nonpension postretirement benefits included in Accrued liabilities was \$19 at July 30, 2000 and August 1, 1999.

Weighted-average assumptions at end of year:

	Pension		
	2000	1999	1998
Discount rate for benefit obligation	7.75%	7.50%	7.00%
Expected return on plan assets	10.50%	10.50%	10.25%
Rate of compensation increases	4.50%	4.50%	4.50%

The discount rate used to determine the accumulated postretirement benefit obligation was 7.75% in 2000 and 7.50% in 1999. The assumed healthcare cost trend rate used to measure the accumulated postretirement benefit obligation was 5%, declining to 4.50% in 2001 and continuing at 4.50% thereafter.

A one percentage point change in assumed health care costs would have the following effects on 2000 reported amounts:

	% Increase	% Decrease
Effect on service and interest cost	\$ 2	\$ (2)
Effect on the 2000 accumulated benefit obligation	\$16	\$(17)

Obligations related to non-U.S. postretirement benefit plans are not significant since these benefits are generally provided through government-sponsored plans.

Savings Plan - The company sponsors employee savings plans which cover substantially all U.S. employees. After one year of continuous service, the company generally matches 50% of employee contributions up to 5% of compensation. Amounts charged to Costs and expenses were \$10 in 2000, \$11 in 1999, and \$13 in 1998.

11. Taxes on Earnings

The provision for income taxes on earnings from continuing operations consists of the following:

	2000	1999	1998
Income taxes:			
Currently payable:			
Federal	\$ 246	\$ 231	\$ 311
State	30	31	44
Non-U.S.	70	33	50
	346	295	405
Deferred:			
Federal	36	64	(1)
State	(4)	2	(7)
Non-U.S.	(15)	12	(13)
	17	78	(21)
	\$ 363	\$ 373	\$ 384
Earnings from continuing operations before income taxes:			
United States	\$ 880	\$ 954	\$ 980
Non-U.S.	197	143	93
	\$1,077	\$1,097	\$1,073

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

The following is a reconciliation of the effective income tax rate on continuing operations with the U.S. federal statutory income tax rate:

	2000	1999	1998
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income taxes (net of federal tax benefit)	1.5	1.9	2.0
Nondeductible divestiture and restructuring charges	-	0.3	1.8
Non-U.S. earnings taxed at other than federal statutory rate	(1.0)	(0.6)	(0.4)
Tax loss carryforwards	(0.3)	(0.3)	(0.8)
Other	(1.5)	(2.3)	(1.8)
Effective income tax rate	33.7%	34.0%	35.8%

Deferred tax liabilities and assets are comprised of the following:

	2000	1999
Depreciation	\$170	\$176
Pensions	118	122
Other	195	179
Deferred tax liabilities	483	477
Benefits and compensation	200	209
Restructuring accruals	4	31
Tax loss carryforwards	17	17
Other	74	50
Gross deferred tax assets	295	307
Deferred tax asset valuation allowance	(17)	(17)
Net deferred tax assets	278	290
Net deferred tax liability	\$205	\$187

On July 30, 2000, subsidiaries of the company have tax loss carryforwards of approximately \$38. Of these carry forwards, \$19 expire through 2005 and \$19 may be carried forward indefinitely. The current statutory tax rates in these countries range from 28% to 46%.

Income taxes have not been provided on undistributed earnings of non-U.S. subsidiaries of approximately \$556, which are deemed to be permanently invested. If remitted, tax credits are available to substantially offset any resulting tax liability.

12. Accounts Receivable

	2000	1999
Customers	\$424	\$507
Allowances for cash discounts and bad debts	(19)	(18)
	405	489
Other	38	52
	\$443	\$541

13. Inventories

	2000	1999
Raw materials, containers and supplies	\$213	\$207
Finished products	358	408
	\$571	\$615

Approximately 62% of inventory in 2000 and 70% in 1999 is accounted for on the last in, first out method of determining cost. If the first in, first out inventory valuation method had been used exclusively, inventories would not differ materially from the amounts reported at July 30, 2000 and August 1, 1999.

14. Other Current Assets

	2000	1999
Prepaid pensions	\$ 18	\$ 18
Deferred taxes	80	76
Other	29	38
	\$127	\$132

15. Plant Assets

	2000	1999
Land	\$ 43	\$ 50
Buildings	808	798
Machinery and equipment	2,283	2,185
Projects in progress	162	184
	3,296	3,217
Accumulated depreciation	(1,652)	(1,491)
	\$1,644	\$1,726

Depreciation expense provided in Costs and expenses was \$196 in 2000, \$197 in 1999 and \$208 in 1998. Approximately \$70 of capital expenditures are required to complete projects in progress at July 30, 2000.

16. Intangible Assets

	2000	1999
Purchase price in excess of net assets of businesses acquired (goodwill)	\$1,603	\$1,697
Trademarks	423	429
Other intangibles	4	4
	2,030	2,130
Accumulated amortization	(263)	(220)
	\$1,767	\$1,910

17. Other Assets

	2000	1999
Prepaid pensions	\$365	\$360
Investments	234	211
Other	18	21
	\$617	\$592

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

18. Notes Payable and Long-term Debt

Notes payable consists of the following:

	2000	1999
Commercial paper	\$1,738	\$1,778
Current portion of Long-term Debt	119	157
Variable-rate bank borrowings	16	52
	\$1,873	\$1,987

Commercial paper had a weighted average interest rate of 6.62% and 5.11% at July 30, 2000 and August 1, 1999, respectively.

The current portion of Long-term Debt had a weighted average interest rate of 7.06% and 5.74% at July 30, 2000 and August 1, 1999, respectively.

The company has total short-term lines of credit of \$1,800 at July 30, 2000. These lines of credit remain unused at July 30, 2000 and include a \$1,500 facility which supports commercial paper borrowings. These lines of credit are unconditional for a period of one to two years.

Long-term debt consists of the following:

Type	Fiscal Year Maturity	Rate	2000	1999
Notes	2001	5.75%-8.58%	\$ -	\$ 115
Notes	2003	6.15%	300	300
Notes	2004 ¹	4.75%-5.63%	400	400
Notes	2007	6.90%	300	300
Debentures	2021	8.88%	200	200
Other	2002-2010	3.00%-9.00%	18	15
			\$1,218	\$1,330

¹ \$100 callable in 2001

The fair value of the company's long-term debt including the current portion of long-term debt in Notes payable was \$1,330 at July 30, 2000, and \$1,512 at August 1, 1999.

The company's credit facilities include \$600 remaining as of July 30, 2000 under a shelf registration statement filed with the Securities and Exchange Commission.

Principal amounts of long-term debt mature as follows: 2001 - \$119 (in current liabilities); 2002 - \$5; 2003 - \$300; 2004 - \$401; 2005 - \$1 and beyond - \$511.

19. Other Liabilities

	2000	1999
Deferred taxes	\$285	\$263
Deferred compensation	129	131
Postemployment benefits	11	11
Other	20	12
	\$445	\$417

20. Financial Instruments

The company utilizes certain derivative financial instruments to enhance its ability to manage risk, including interest rate, foreign currency and certain equity-linked employee compensation exposures which exist as part of ongoing business operations. The company does not enter into contracts for speculative purposes, nor is it a party to any leveraged derivative instrument. The use of derivative financial instruments is monitored through regular communication with senior management and the utilization of written guidelines.

The company finances a portion of its operations through debt instruments primarily consisting of commercial paper, notes, debentures and bank loans. The company periodically utilizes interest rate swap agreements to minimize worldwide financing costs and to achieve a desired proportion of variable versus fixed-rate debt. The amounts paid or received on swaps related to debt are recognized as an adjustment to interest expense. There were no interest rate swaps outstanding at July 30, 2000. The notional amounts of interest rate swaps were \$250 at August 1, 1999. The swaps had a fair value of \$2 at August 1, 1999.

The company utilizes foreign currency exchange contracts, including swap and forward contracts, to hedge foreign currency exposures. Foreign exchange gains and losses on derivative financial instruments are recognized and offset foreign exchange gains and losses on the underlying exposures.

A mix of equity, intercompany debt and local currency borrowing is used to finance foreign operations. Gains and losses, both realized and unrealized, on financial instruments that hedge the company's investments in foreign operations are recognized in Accumulated other comprehensive income in Shareowners' Equity.

Swap contracts are utilized to hedge exposures relating to certain employee compensation obligations linked to the total return of the Standard & Poor's 500 Index and the total return of the company's capital stock. The company pays a variable interest rate and receives the equity returns under these instruments. The equity swap contracts have maturities in 2001 and 2003. At July 30, 2000, the notional principal amount of the contracts was \$79, and the net cost to settle the contracts was \$25. Gains or losses are recognized as adjustments to the carrying value of the underlying obligations.

The company also has cross-currency swap agreements with financial institutions to hedge certain European currency exposures. The notional amounts of these swaps were \$217 at July 30, 2000 and \$333 at August 1, 1999. The swaps mature as follows: \$107 in 2001, and \$110 in 2003. The fair value of the swaps was \$22 at July 30, 2000.

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

At July 30, 2000, the company also had contracts to purchase or sell approximately \$236 in foreign currency versus \$177 at August 1, 1999. The contracts are primarily for European and Australian currencies and have maturities through 2001. The fair value of the contracts was \$(3) at July 30, 2000.

The company is exposed to credit loss in the event of nonperformance by the counterparties in swap and forward contracts. The company minimizes its credit risk on these transactions by only dealing with leading, credit-worthy financial institutions having long-term credit ratings of "A" or better and, therefore, does not anticipate nonperformance. In addition, the contracts are distributed among several financial institutions, thus minimizing credit risk concentration.

The carrying values of cash and cash equivalents, accounts and notes receivable, accounts payable and short-term debt approximate fair value. The fair values of long-term debt, as indicated in Note 18, and derivative financial instruments are generally based on quoted market prices.

21. Shareowners' Equity

The company has authorized 560 million shares of Capital Stock of \$.0375 par value and 40 million shares of Preferred Stock, issuable in one or more classes, with or without par as may be authorized by the Board of Directors. No Preferred Stock has been issued.

In October 1998, the company entered into a forward stock purchase contract to partially hedge the company's equity exposure from its stock option program. The contract, which matures in fiscal 2004, provides that the company repurchase approximately 11 million shares at an average price of approximately \$47 per share. The company may elect to settle the contract on a net share basis in lieu of physical settlement. The contract permits early settlement and may be extended for an additional five-year term. If the forward purchase contract had been settled on a net share basis as of July 30, 2000, the company would have provided the counterparty with approximately nine million shares of its capital stock.

The company sponsors a long-term incentive compensation plan. Under the plan, restricted stock and options may be granted to certain officers and key employees of the company. The plan provides for awards up to an aggregate of 25 million shares of capital stock. Options are granted at a price not less than the fair value of the shares on the date of grant and expire not later than ten years after the date of grant. Options vest over a three-year period.

The company accounts for the stock option grants and restricted stock awards in accordance with Accounting

Principles Board Opinion No. 25 and related Interpretations. Accordingly, no compensation expense has been recognized in the Statements of Earnings for the options. In 1997, the company adopted the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Had the company recorded compensation expense for the fair value of options granted consistent with SFAS No. 123, earnings from continuing operations would have been reduced by approximately \$20, \$22 and \$15 in 2000, 1999 and 1998, respectively. Earnings per share from continuing operations, both basic and assuming dilution, would have been reduced by \$.03, \$.04 and \$.02 in 2000, 1999 and 1998, respectively.

The weighted average fair value of options granted in 2000, 1999 and 1998 were estimated as \$7.94, \$11.49 and \$13.59, respectively. The fair value of each option grant at grant date is estimated using the Black-Scholes option pricing model. The following weighted average assumptions were used for grants in 2000, 1999 and 1998:

	2000	1999	1998
Risk-free interest rate	6.3%	6.2%	5.5%
Expected life	6 Years	6 Years	6 Years
Expected volatility	29%	24%	20%
Expected dividend yield	3.0%	2.0%	1.4%

Restricted shares granted are as follows:

(shares in thousands)	2000	1999	1998
Restricted Shares			
Granted	573	1,804	127

Information about stock options and related activity is as follows:

(options in thousands)	2000	Weighted Average Exercise Price	1999	Weighted Average Exercise Price	1998	Weighted Average Exercise Price
Beginning						
of year	19,880	\$32.37	18,366	\$28.72	20,066	\$26.94
Granted	6,105	29.84	3,890	42.79	2,303	54.38
Exercised	(1,350)	17.81	(2,122)	17.75	(3,272)	17.99
Terminated	(611)	45.40	(254)	45.61	(2,212)	33.04
Spin-off related modifications ¹	-	-	-	-	1,481	-
End of year	24,024	\$32.16	19,880	\$32.37	18,366	\$28.72
Exercisable at						
end of year	14,850		14,019		13,123	

¹ When the Specialty Foods segment was spun off, the number and exercise price of options outstanding were adjusted to preserve the economic value of the options that existed prior to the spin-off.

Notes To Consolidated Financial Statements

(dollars in millions, except per share amounts)

(options in thousands) Stock Options Outstanding Exercisable Options

Range of Exercise Prices	Stock Options Outstanding		Exercisable Options	
	Shares	Weighted Average Remaining Contractual Life	Shares	Weighted Average Exercise Price
\$13.74 - \$22.60	6,158	2.6	6,158	\$18.28
\$23.18 - \$31.91	10,366	8.0	4,430	\$30.49
\$32.03 - \$44.41	5,528	7.6	3,026	\$42.97
\$44.61 - \$56.50	1,972	6.9	1,236	\$54.06
	24,024		14,850	

The company adopted the provisions of SFAS No. 128, "Earnings per Share," as of the second quarter 1998. SFAS No. 128 revised the standards for computation and presentation of earnings per share ("EPS"), requiring the presentation of both basic EPS and EPS assuming dilution. Basic EPS is calculated using the weighted average shares outstanding during the applicable period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For the periods presented in the Consolidated Statements of Earnings, the calculations of basic EPS and EPS assuming dilution vary in that the weighted average shares outstanding assuming dilution includes the incremental effect of stock options, except when such effect would be antidilutive. In 2000 and 1999, the weighted average shares outstanding assuming dilution also includes the incremental effect of approximately four million and two hundred thousand shares, respectively, under the forward stock purchase contract.

22. Contingencies

The company is a party to lawsuits and claims arising out of the normal course of business. In management's opinion, there are no pending claims or litigation, the outcome of which would have a material effect on the consolidated results of operations, financial position or cash flows of the company.

23. Statements of Cash Flows

	2000	1999	1998
Interest paid, net of amounts capitalized	\$199	\$181	\$187
Interest received	\$ 10	\$ 11	\$ 15
Income taxes paid	\$253	\$300	\$370

24. Quarterly Data (unaudited)

2000	First	Second	Third	Fourth
Net sales	\$1,768	\$1,916	\$1,394	\$1,189
Cost of product sold	809	848	664	587
Net earnings	235	281	139	59
Per share - basic				
Net earnings	0.55	0.66	0.33	0.14
Dividends	0.225	0.225	0.225	0.225
Per share - assuming dilution				
Net earnings	0.54	0.65	0.32	0.14
Market price				
High	\$45.88	\$47.00	\$35.38	\$33.31
Low	\$38.00	\$29.25	\$25.44	\$25.44

1999	First	Second	Third	Fourth
Net sales	\$1,804	\$1,832	\$1,492	\$1,296
Cost of products sold	830	856	730	634
Net earnings	264	219	162	79
Per share - basic				
Net earnings	0.59	0.49	0.37	0.18
Dividends	0.210	0.225	0.225	0.225
Per share - assuming dilution				
Net earnings	0.58	0.49	0.37	0.18
Market price				
High	\$59.94	\$59.19	\$46.94	\$46.50
Low	\$46.69	\$43.38	\$38.06	\$39.38

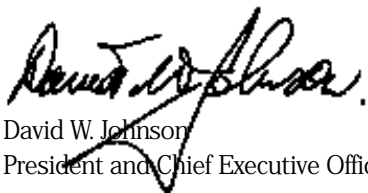
Report of Management

The accompanying financial statements have been prepared by the management of the company in conformity with generally accepted accounting principles to reflect the financial position of the company and its operating results. Financial information appearing throughout this Annual Report is consistent with that in the financial statements. Management is responsible for the information and representations in such financial statements, including the estimates and judgments required for their preparation.

In order to meet its responsibility, management maintains a system of internal controls designed to assure that assets are safeguarded and that financial records properly reflect all transactions. The company also maintains a worldwide auditing function to periodically evaluate the adequacy and effectiveness of such internal controls, as well as the company's administrative procedures and reporting practices. The company believes that its long-standing emphasis on the highest standards of conduct and business ethics, set forth in extensive written policy statements, serves to reinforce its system of internal accounting controls.

The report of PricewaterhouseCoopers LLP, the company's independent accountants, covering their audit of the financial statements, is included in this Annual Report. Their independent audit of the company's financial statements includes a review of the system of internal accounting controls to the extent they consider necessary to evaluate the system as required by generally accepted auditing standards.

The company's internal auditors report directly to the Audit Committee of the Board of Directors, which is composed entirely of Directors who are not officers or employees of the company. The Audit Committee meets periodically with the internal auditors, other management personnel, and the independent accountants. The independent accountants and the internal auditors have had, and continue to have, direct access to the Audit Committee without the presence of other management personnel, and have been directed to discuss the results of their audit work and any matters they believe should be brought to the Committee's attention.



David W. Johnson
President and Chief Executive Officer



Basil L. Anderson
Executive Vice President and Chief Financial Officer



Gerald S. Lord
Vice President - Controller

September 6, 2000

Report of Independent Accountants

To the Shareowners and Directors
of Campbell Soup Company

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, shareowners' equity and cash flows present fairly, in all material respects, the financial position of Campbell Soup Company and its subsidiaries at July 30, 2000 and August 1, 1999, and the results of their operations and their cash flows for each of the three years in the period ended July 30, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.



Philadelphia, Pennsylvania

September 6, 2000

Seven-Year Review - Consolidated

(millions, except per share amounts)

Fiscal Year	2000	1999 ¹	1998 ²	1997 ³	1996	1995	1994
Summary of Operations							
Net sales	\$6,267	\$ 6,424	\$6,696	\$6,614	\$6,324	\$5,881	\$5,495
Earnings before interest and taxes	1,265	1,270	1,248	1,149	1,191	1,039	947
Earnings before taxes	1,077	1,097	1,073	991	1,072	936	884
Earnings from continuing operations	714	724	689	634	718	627	578
Earnings (loss) from discontinued operations	-	-	(18)	79	84	71	52
Net earnings	714	724	660	713	802	698	630
Cash margin ⁴	24.2%	23.7%	22.6%	21.8%	23.5%	22.3%	21.6%
Financial Position							
Net assets of discontinued operations	\$ -	\$ -	\$ -	\$ 632	\$ 659	\$ 697	\$ 615
Plant assets - net	1,644	1,726	1,723	2,044	2,179	2,093	1,938
Total assets	5,196	5,522	5,633	6,196	6,368	6,088	4,752
Total debt	3,091	3,317	2,570	2,657	1,606	1,719	981
Shareowners' equity	137	235	874	1,420	2,742	2,468	1,989
Per Share Data							
Earnings from continuing operations - basic	\$ 1.68	\$ 1.64	\$ 1.52	\$ 1.34	\$ 1.44	\$ 1.26	\$ 1.15
Earnings from continuing operations - assuming dilution	1.65	1.63	1.50	1.33	1.43	1.25	1.14
Net earnings - basic	1.68	1.64	1.46	1.51	1.61	1.40	1.26
Net earnings - assuming dilution	1.65	1.63	1.44	1.49	1.59	1.39	1.24
Dividends declared	0.90	0.885	0.823	0.75	0.67	0.61	0.55
Other Statistics							
Capital expenditures	\$ 200	\$ 297	\$ 256	\$ 252	\$ 357	\$ 340	\$ 354
Number of shareowners (in thousands)	51	51	51	49	43	43	43
Weighted average shares outstanding	425	441	454	472	498	498	501
Weighted average shares outstanding - assuming dilution	432	445	460	478	503	503	507

¹ 1999 earnings from continuing operations include a net pre-tax restructuring charge of \$36; \$27 after tax or \$.06 per share (basic and assuming dilution). Earnings from continuing operations also include the effect of certain non-recurring costs of \$22; \$15 after tax or \$.03 per share (basic and assuming dilution).

² 1998 earnings from continuing operations include a pre-tax restructuring charge of \$262; \$193 after tax or \$.42 per share (basic and assuming dilution). Earnings from continuing operations also include a gain on divestiture of \$14; \$9 after tax or \$.02 per share (basic and assuming dilution). Net earnings include the cumulative effect of a change in accounting for business process reengineering costs of \$11 or \$.02 per share (basic and assuming dilution).

³ 1997 earnings from continuing operations include a pre-tax restructuring charge of \$204; \$152 after tax or \$.31 per share (basic and assuming dilution).

⁴ Cash margin equals earnings before interest and taxes plus depreciation, amortization and minority interest expense divided by net sales.

The company spun off its Specialty Foods segment in 1998 and accounted for it as a discontinued operation. (See Note 3 to the Consolidated Financial Statements). All information has been reclassified accordingly.

All shares and per share data reflect a 1997 two-for-one stock split.

Board of Directors

Philip E. Lippincott

Chairman of Campbell Soup Company
(2, 3)

David W. Johnson

President and Chief Executive Officer
of Campbell Soup Company

Alva A. App

Retired Senior Scientific Advisor to the
United Nations Development
Programme (1, 3, 5)

Edmund M. Carpenter

President and Chief Executive Officer
of Barnes Group, Inc (2, 4)

Bennett Dorrance

Private Investor and Chairman and
Managing Director of DMB Associates
(3, 4, 5)

Thomas W. Field, Jr.

Management Consultant,
Field & Associates (1, 3, 5)

Kent B. Foster

Chairman and Chief Executive Officer
of Ingram Micro, Inc. (1, 5)

Harvey Golub

Chairman and Chief Executive Officer
of American Express Company (2, 4)

David K. P. Li

Chairman and Chief Executive
of The Bank of East Asia, Limited (4)

Mary Alice D. Malone

Private Investor and President
of Iron Spring Farm, Inc. (1, 2)

Charles H. Mott

President and Chief Executive Officer
of John W. Bristol & Co., Inc. (4, 5)

Charles R. Perrin

Retired Chairman and Chief Executive
Officer of Avon Products, Inc. (1, 5)

George M. Sherman

President and Chief Executive Officer
of Danaher Corporation
(1, 2, 4)

Donald M. Stewart

President and Chief Executive Officer
of the Chicago Community Trust (1, 2)

George Strawbridge, Jr.

Private Investor (3, 4, 5)

Charlotte C. Weber

Private Investor and President and
Chief Executive Officer of Live Oak
Stud and Live Oak Properties (1, 2)

Committees

- (1) Audit
- (2) Compensation and Organization
- (3) Executive
- (4) Finance and Corporate Development
- (5) Governance

Officers (as of October 2000)

David W. Johnson

President and Chief Executive Officer

Basil L. Anderson

Executive Vice President and
Chief Financial Officer

Ellen Oran Kaden

Senior Vice President –
Law and Government Affairs

F. Martin Thrasher

Senior Vice President and President –
Campbell North America

David L. Albright

Vice President and President –
Pepperidge Farm

Jerry S. Buckley

Vice President – Public Affairs

Anthony P. DiSilvestro

Vice President and Controller –
Campbell North America

John J. Furey

Corporate Secretary

Andrew K. Hughson

Vice President and President –
U.S. Soup and Sauces

Richard J. Landers

Vice President – Tax

Gerald S. Lord

Vice President – Controller

R. David C. Macnair

Vice President – Global Research
and Development

William J. O'Shea

Vice President – Treasurer

Craig W. Rydin

Vice President and President –
Campbell Away from Home

Robert J. Zatta

Vice President – Corporate
Development and Strategic Planning

Shareowner Information

World Headquarters

Campbell Soup Company
Campbell Place
Camden, NJ 08103-1799
(856) 342-4800
(856) 342-3878 Fax

Stock Exchange Listings

New York, Philadelphia,
London, Swiss
Ticker Symbol: CPB
Newspaper Listing: CamSp

Transfer Agent and Registrar

Equiserve First Chicago Trust Company
of New York, P.O. Box 2500
Jersey City, NJ 07303-2500
(201) 324-0498

Independent Accountants

PricewaterhouseCoopers LLP
Two Commerce Square, Suite 1700
2001 Market Street
Philadelphia, PA 19103-7042

Dividends

Campbell has paid dividends since
the company became public in 1954.
Dividends are normally paid quarter-
ly, at the end of January, April, July
and October.

A dividend reinvestment plan is
available to shareowners. For
information about dividends or the
dividend investment plan, write or call:
Dividend Reinvestment
Plan Agent, Campbell Soup Company,
P.O. Box 2598,
Jersey City, NJ 07303-2598 or
First Chicago Trust Company of New York,
(201) 324-0498 or 1-800-446-2617.

Annual Meeting

The Annual Meeting of Shareowners
will be held on November 17, 2000, at
11:00 a.m., Eastern Standard Time,
at the Lakeland Center, 700 West
Lemon Street, Lakeland, Florida.

Publications

For copies of the Annual Report
or the SEC Form 10-K (filed annually
in October) or other financial
information, write Investor Relations
at the World Headquarters
address, or call 1-888-SIP-SOUP
(1-888-747-7687) or visit our
worldwide website at:
<http://www.campbellsoup.com>.

For copies of Campbell Soup Company's
Equal Opportunity Report or the
Annual Report of the Campbell Soup
Foundation, write to Public Affairs at
the World Headquarters address.

Information Sources

Inquiries regarding our products may
be addressed to Campbell's Consumer
Response and Information Center
at the World Headquarters address,
or call 1-800-257-8443.

Media and Public Relations inquiries
should be directed to John Faulkner,
Director – Corporate and Brand
Communications, at the World
Headquarters address, or call
(856) 342-3738.

Investors and financial analysts may
contact Leonard F. Griebhs,
Vice President – Investor Relations, at
the World Headquarters address,
or call (856) 342-6428.

Communications concerning share
transfer, lost certificates, dividends
and change of address should be
directed to Equiserve First Chicago
Trust Company of New York,
1-800-446-2617.

Shareowner Information Service

For the latest quarterly business
results, or other information requests
such as dividend dates, shareowner
programs or product news, call
1-888-SIP-SOUP (1-888-747-7687).
Shareowner information is also
available on the worldwide web at:
<http://www.campbellsoup.com>.

Campbell Brands

Product trademarks of Campbell Soup
Company and/or its subsidiaries
appearing in the narrative text of this
report are italicized.

Thanks to all the employees

pictured in this year's annual report:

Barbara Bassett	Paul Margereson
Andrea Baytoff	Brenda Miller
Eddie Bootle	Yuzo Mukai
Mike Browning	Paul Pak
Elly Bunyamin	Damus Payot
Fay Chapple	Mike Pishvanov
Dave Cicale	Djohan Rachmat
Suzanne Cohen	Lou Randazzi
Anita Conway	Frank Rego
Raphael Crawford	Peter Rowe
John Deppen	Neil Santiago
Gene Dunkin	Mary Shin
Joe Ferrone	Arie Sidarto
Pat Hearn	Lisa Sloan
Peter Hobbes	Srini Sripada
Jacquie Lenart	Joyce Steele
Drew Lethbridge	Steve Tisdell
Alison Levett	Bunawan Widjaya
Wid Lokadjaja	Cherie Wilk
Kathy Lucyszyn	

Special thanks to Mrs. Monica Zuba
and her Kindergarten Class at the
Blackwood Elementary School in
Blackwood, NJ, for their
participation in our *LFE* photo.

DRESS UP WITH CAMPBELL'S ACCESSORIES

Exclusive Offer for Campbell's Shareowners. Save up to 20% on Campbell's holiday gifts.

CAMPBELL'S TOMATO SOUP SHOES

These leather tennis shoes are a "Walk of Art!" Lightweight, supportive, supremely comfortable, and always in style. Men's sizes 3 to 12, Women's sizes 5 to 14. Allow 4 to 6 weeks for delivery. (#7547) \$260.00 SHAREOWNERS \$240.00

CAMPBELL'S TOTE BAG

Take your favorite soup wherever you go with this microfiber bag, screenprinted with the Warhol Campbell's soup can and signature. Great for shopping, school, work, or travel. 14"x17." (#7551) \$59.00 SHAREOWNERS \$47.00

CAMPBELL'S TOMATO SOUP SCARF

Classic elegance is all tied up in this 100% silk scarf. Features repeating images of Andy Warhol's pop art Campbell's Tomato soup can. 11" x 54". (#7549) \$39.95 SHAREOWNERS \$32.00

CAMPBELL'S TOMATO SOUP UMBRELLA

Every cloud has a silver lining with this giant 42" Campbell's Tomato soup umbrella. Each silvery inside panel has a quote by Andy Warhol. Comes with protective case. (#7548) \$33.50 SHAREOWNERS \$27.00

MAIL ORDER FORM TO:

Campbell's
c/o Image Exchange
P.O. Box 1670
Santa Monica, CA 90406-1670
To order by phone in the U.S., call toll free 1-877-483-2030 or fax order toll free: 1-888-888-9576.
OFFER CODE: SOUPART

Name _____
Address _____
City _____ State _____ Zip _____
Phone _____



Qty.	Item #	Description	Price of Item	
			Each	Total
	7547	Shoes SIZE: Men's _____ Women's _____	\$240.00	
	7551	Tote Bag	\$47.00	
	7549	Silk Scarf	\$32.00	
	7548	Umbrella	\$27.00	

SHIPPING AND PACKING CHARGES	
Merchandise Total	Add
up to \$30.99	\$6.00
\$31.00-\$49.99	\$8.00
\$50.00-\$69.99	\$10.00
\$70.00-\$99.99	\$14.00
\$100.00 and up	\$18.00

Total price of items	
Shipping/Packaging	
Sales Tax: IL Residents 7% CA Residents 8.25%	
TOTAL	

METHOD OF PAYMENT:

- American Express MasterCard
 Visa Discover/Novus
 Personal Check

Credit Card Number: _____
Expiration Date: _____

Signature (required on all credit card orders)

THANK YOU FOR YOUR ORDER!
FOR MORE GIFT IDEAS VISIT www.campbellshop.com



M'M! M'M! GOOD!®

Campbell Soup Company

Campbell Place, Camden, NJ 08103-1799
<http://www.campbellsoup.com>