

Financial Statement

CAMPBELL SOUP

Campbell Soup

CAMPBELL SOUP COMPANY

Supplemental Schedule of Sales and Earnings

(million dollars)

	Year 11		Year 10		Year 9	
	Sales	Earnings	Sales	Earnings	Sales	Earnings
1 Contributions by division						
Campbell North America						
Campbell U.S.A.	\$3,911.8	\$632.7	\$3,932.7	\$370.8	\$3,666.9	\$242.3
Campbell Canada	352.0	35.3	384.0	25.6	313.4	23.8
	<u>4,263.8</u>	<u>668.0</u>	<u>4,316.7</u>	<u>396.4</u>	<u>3,980.3</u>	<u>266.1</u>
Campbell Biscuit and Bakery						
Pepperidge Farm	569.0	73.6	582.0	57.0	548.4	53.6
International Biscuit	219.4	17.6	195.3	8.9	178.0	11.7
	<u>788.4</u>	<u>91.2</u>	<u>777.3</u>	<u>65.9</u>	<u>726.4</u>	<u>65.3</u>
Campbell International	<u>1,222.9</u>	<u>39.4</u>	<u>1,189.8</u>	<u>(168.6)</u>	<u>1,030.3</u>	<u>(117.8)</u>
Interdivision	<u>(71.0)</u>		<u>(78.0)</u>		<u>(64.9)</u>	
Total sales	<u>\$6,204.1</u>		<u>\$6,205.8</u>		<u>\$5,672.1</u>	
Total operating earnings		798.6		293.7		213.6
Unallocated corporate expenses		(41.1)		(16.5)		(31.3)
Interest, net		(90.2)		(94.0)		(55.8)
Foreign currency translation adjustments		.1		(3.8)		(20.0)
Taxes on earnings		<u>(265.9)</u>		<u>(175.0)</u>		<u>(93.4)</u>
Net earnings		<u>\$401.5</u>		<u>\$4.4</u>		<u>\$13.1</u>
Net earnings per share		<u>\$3.16</u>		<u>\$0.03</u>		<u>\$1.10</u>

Contributions by division in Year 10 include the effects of divestitures, restructuring and unusual charges of \$339.1 million as follows: Campbell U.S.A. \$121.8 million, Campbell Canada \$6.6 million, Pepperidge Farm \$11.0 million, International Biscuit \$14.3 million, and Campbell International \$185.4 million. Contributions by division in Year 9 include the effects of restructuring and unusual charges of \$343.0 million as follows: Campbell U.S.A. \$183.1 million, Campbell Canada \$6.0 million, Pepperidge Farm \$7.1 million, International Biscuit \$9.5 million, and Campbell International \$137.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

2 Results of Operations

Overview

Campbell had record net earnings in Year 11 of \$401.5 million, or \$3.16 per share, compared to net earnings of \$4.4 million, or 3 cents per share, in Year 10. Excluding Year 10's divestiture and restructuring charges, earnings per share increased 34% in Year 11. In Year 11, the Company sold five non-strategic businesses, sold or closed several manufacturing plants, and discontinued certain unprofitable product lines. Net sales of \$6.2 billion in Year 11 were even with Year 10. Sales were up 4% excluding businesses that were divested and product lines that were discontinued in Year 11.

In Year 10 the Company incurred charges for divestitures and restructuring of \$2.33 per share, reducing net earnings to 3 cents per share. In Year 9 restructuring charges of \$2.02 per share reduced earnings to 10 cents per share. Excluding these charges from both years, earnings per share rose 11% in Year 10. Sales increased 9%. In Year 10 the company's domestic divisions had strong earnings performances, excluding the divestiture and restructuring charges, but the International Division's performance was disappointing principally due to the poor performance of United Kingdom frozen food and Italian biscuit operations. The Italian biscuit operations were divested in Year 11.

The divestiture and restructuring programs were designed to strengthen the Company's core businesses and improve long-term profitability. The Year 10 divestiture program involved the sale of several low-return or non-strategic businesses. The Year 10 restructuring charges provided for the elimination of underperforming assets and unnecessary facilities and included a write-off of goodwill. The restructuring charges in Year 9 involved plant consolidations, work force reductions, and goodwill write-offs.

Year 11 Compared to Year 10

3 Results by Division

Campbell North America. Operating earnings of Campbell North America, the Company's largest division, were \$668.0 million in Year 11 compared to \$396.4 million in Year 10 after restructuring charges of \$128.4 million. Operating earnings increased 27% in Year 11 over Year 10, excluding the restructuring charges from Year 10. All of the division's core businesses had very strong earnings growth. Continued benefits of restructuring drove significant improvements in operating margins.

Sales were \$4.26 billion in Year 11. Excluding divested businesses and discontinued product lines, sales increased 2% with overall volume down 2%. Soup volume was off 1.5% as a result of reduced year-end trade promotional activities. Significant volume increases were achieved in the cooking soup, ramen noodle and family-size soup categories and "Healthy Request" soup. Exceptionally strong volume performances were turned in by "Swanson" frozen dinners, "Franco-American" gravies and "Prego" spaghetti sauces with positive volume results for "LeMenu Healthy" entrees, Food Service frozen soups and entrees, and Casera Foods in Puerto Rico.

Campbell Biscuit and Bakery. Operating earnings of the Biscuit and Bakery division, which includes Pepperidge Farm in the United States, Delacre in Europe and an equity interest in Arnotts Limited in Australia, were \$91.2 million in Year 11 compared with \$65.9 million in Year 10 after restructuring charges of \$25.3 million. Operating earnings were flat in Year 11 excluding the restructuring charges from Year 10. Sales increased 1%, however, volume declined 3%.

Pepperidge Farm operating earnings in Year 11 increased despite a drop in sales, which reflects the adverse effect of the recession on premium cookies. Several new varieties of "Hearty Slices" bread performed well. Delacre, benefiting from new management and integration into the worldwide biscuit and bakery organization, turned in significant improvement in Year 11 sales and operating earnings. Arnotts' performance in Year 11 was disappointing and included restructuring charges. Its restructuring program should have a positive impact on fiscal Year 12 results. The Year 11 comparison with Year 10 was also adversely impacted by gains of \$4.0 million realized in Year 10 on the sales of businesses by Arnotts.

Campbell International. Operating earnings of the International division were \$39.4 million in Year 11 compared to an operating loss of \$168.6 million in Year 10 after restructuring charges of \$185.4 million.

In Year 11, Campbell International achieved a significant turnaround. Operating earnings for the year more than doubled above the pre-restructuring results of the prior year. There were margin improvements throughout the system. Europe led the division's positive results. A key component was the United Kingdom's move from a loss position to profitability, driven by the benefits of restructuring and product line reconfiguration.

European Food and Confectionery units turned in another year of solid earnings growth. Mexican operations, strengthened by a new management team, also turned around from a loss to a profit position. Sales were \$1.22 billion in Year 11, an increase of 6%, excluding divested businesses and discontinued product lines, and the effects of foreign currency rates. Volume was approximately the same as in Year 10.

4 Statements of Earnings

Sales in Year 11 were even with Year 10. Excluding divested businesses and unprofitable product lines discontinued during Year 11, sales increased 4% while volume declined approximately 2%. The decline in volume was caused by reduced year-end trade promotional activities and the adverse effect of the recession on certain premium products.

Gross margins improved 2.6 percentage points to 34.0% in Year 11 from 31.4% in Year 10. All divisions improved due to the significant benefits from restructuring and the divestitures and product-pruning activities. Productivity improvements worldwide and declining commodity prices also contributed to the higher margins.

Marketing and selling expenses, as a percentage of net sales, were 15.4% in Year 11 compared to 15.8% in Year 10. The decrease in Year 11 is due to more focused marketing efforts and controlled new product introductions. For each of the prior 10 fiscal years, these expenses had increased significantly. Advertising was down 11% in Year 11. Management expects advertising expenditures to increase in Year 12 in order to drive volume growth of core products and to support the introduction of new products.

Administrative expenses, as a percentage of net sales, were 4.9% in Year 11 compared to 4.7% in Year 10. The increase in Year 11 results principally from annual executive incentive plan accruals due to outstanding financial performance and foreign currency rates.

Interest expense increased in Year 11 due to timing of fourth quarter borrowings in order to obtain favorable long-term interest rates. Interest income was also higher in Year 11 as the proceeds from these borrowings were invested temporarily until needed. Interest expense, net of interest income, decreased from \$94.0 million in Year 10 to \$90.2 million in Year 11 as the increased cash flow from operations exceeded cash used for share repurchases and acquisitions.

Foreign exchange losses declined principally due to reduced effects of currency devaluations in Argentina.

Other expense was \$26.2 million in Year 11 compared to \$14.7 million in Year 10. The increase results principally from accruals for long-term incentive compensation plans reflecting changes in Campbell's stock price.

As discussed in the "Overview" section above, Year 10 results include divestiture, restructuring, and unusual charges of \$339.1 million (\$301.6 million or \$2.33 per share after taxes).

Equity in earnings of affiliates declined in Year 11 principally due to the disappointing performance at Arnotts and to a \$4.0 million gain on sales of businesses realized by Arnotts in Year 10.

Year 10 Compared to Year 9

5 Results by Division

Campbell North America. In Year 10, Campbell North America had operating earnings of \$396.4 million after restructuring charges of \$128.4 million. In Year 9 the division had operating earnings of \$266.1 million, after restructuring charges of \$189.1 million. Excluding restructuring charges from both Year 10 and Year 9 operating earnings increased 15% in Year 10, led by strong performances by the soup, grocery, "Mrs. Paul's" frozen seafood, and Canadian sectors. The olives business performed poorly in Year 10.

Sales increased 8% in Year 10 to \$4.32 billion on a 3% increase in volume. There were solid volume increases in ready-to-serve soups, "Great Starts" frozen breakfasts, and "Prego" spaghetti sauces. Overall soup volume was up 1%. "Mrs. Paul's" regained the number one share position in frozen prepared seafood.

Campbell Biscuit and Bakery. In Year 10, Campbell Biscuit and Bakery had operating earnings of \$65.9 million after restructuring charges of \$25.3 million. In Year 9, the division's operating earnings were \$65.3 million after restructuring charges of \$16.6 million. Excluding restructuring charges from both Year 10 and Year 9, operating earnings of the division increased 11% in Year 10. The increase in operating earnings was driven by Pepperidge Farm's biscuit and bakery units along with Arnott's gain on sales of businesses. Pepperidge Farm's frozen unit and Delacre performed poorly. Sales increased 7% to \$777.3 million. Volume increased 1%, with Pepperidge Farm's biscuit, bakery and food service units and Delacre the main contributors to the growth.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

Campbell International. In Year 10, Campbell International had an operating loss of \$168.6 million after restructuring charges of \$185.4 million. In Year 9, the division sustained an operating loss of \$117.8 million after restructuring charges of \$137.3 million. Excluding restructuring charges from both Year 10 and Year 9, operating earnings declined 14% in Year 10, as strong performances in the European Food and Confectionery and Argentine operations were more than offset by poor performances in the United Kingdom frozen food and Italian biscuit operations. Sales in Year 10 were \$1.19 billion, an increase of 15%. Volume was up 14% of which 11% came from acquisitions.

6 Statements of Earnings

In Year 10 sales increased 9% on a 5% increase in volume, about half of which came from established businesses.

Gross margins improved by 1.9 percentage points to 31.4% in Year 10 from 29.5% in Year 9. All divisions had improved margins in Year 10, with Campbell North America operations posting substantial improvements.

Marketing and selling expenses, as a percentage of net sales, were 15.8% in Year 10 compared to 14.4% in Year 9. The Year 10 increase was due to heavy marketing expenditures by Campbell U.S.A. at both the national and regional levels.

Administrative expenses, as a percentage of net sales, were 4.7% in Year 10 compared to 4.4% in Year 9. The increase in Year 10 was driven by some unusual one-time expenditures, employee benefits, the weakening dollar and acquisitions.

Interest expense increased in Year 10 due to higher debt levels resulting from funding of acquisitions, higher inventory levels during the year, purchases of Campbell's stock for the treasury and restructuring program expenditures. Interest income declined in Year 10 because of a shift from local currency to lower-yielding dollar denominated temporary investments in Latin America to minimize foreign exchange losses.

Foreign exchange losses resulted principally from currency devaluations in Argentina. There was a large devaluation in Argentina in Year 9. Also, Year 10 losses

were lower due to the shift in temporary investments described in the previous paragraph.

Other expense was \$14.7 million in Year 10 compared to \$32.4 million in Year 9. This decline results principally from reduced accruals for long-term incentive compensation plans reflecting changes in Campbell's stock price.

As discussed in the "Overview" section above, results include divestiture, restructuring and unusual charges of \$339.1 million (\$301.6 million or \$2.33 per share after taxes) in Year 10 and \$343.0 million (\$260.8 million or \$2.02 per share after taxes) in Year 9.

Equity in earnings of affiliates increased in Year 10 principally due to a \$4.0 million gain on sales of businesses realized by Arnotts in Year 10.

7 Income Taxes

The effective income tax rate was 39.8% in Year 11, 97.5% in Year 10 and 87.7% in Year 9. The principal reason for the high tax rates in Year 10 and Year 9 is that certain of the divestiture, restructuring and unusual charges are not tax deductible. Excluding the effect of these charges, the rate would be 41.0% in Year 10 and 38.9% in Year 9. The variances in all years are principally due to the level of certain foreign losses for which no tax benefit is currently available.

8 Inflation

The Company attempts to mitigate the effects of inflation on sales and earnings by appropriately increasing selling prices and aggressively pursuing an ongoing cost improvement effort which includes capital investments in more efficient plants and equipment. Also, the divestiture and restructuring programs enacted in Year 9 and Year 10 have made the Company a more cost-effective producer, as previously discussed with reference to cost of products sold.

10 Liquidity and Capital Resources

The Consolidated Statements of Cash Flows and Balance Sheets demonstrate the Company's continued superior financial strength.

11 Statements of Cash Flows

Operating Activities. Cash provided by operations was \$805.2 million in Year 11, an 80% increase from \$448.4 million in Year 10. This increased cash flow was driven by the Company's record earnings level and reduced working capital resulting from improved asset management and the restructuring program.

Investing Activities. The majority of the Company's investing activities involve the purchase of new plant assets to maintain modern manufacturing processes and increase productivity. Capital expenditures for plant assets amounted to \$371.1 million in Year 11, including \$10.0 million of capital lease activity, down slightly from Year 10. The Company expects capital expenditures in Year 12 to be about \$400 million.

Another key investing activity of the Company is acquisitions. The total cost of acquisitions in Year 11 was \$180.1 million, most of which was spent to acquire the publicly held shares of the Company's 71% owned subsidiary, Campbell Soup Company Ltd. in Canada. This will allow Campbell North America to more efficiently integrate its U.S. and Canadian operations to provide Campbell with competitive advantage in North America.

One of the Company's strategies has been to prune low-return assets and businesses from its portfolio. In Year 11 the Company realized over \$100 million in cash from these activities, with \$67.4 million coming from sales of businesses and \$43.2 million realized from asset sales.

Also, during Year 11 the Company made contributions to its pension plans substantially in excess of the amounts expensed. This was the principal reason for the increase in other assets.

Financing Activities. During Year 11, the Company issued debt in the public markets for a total of \$400 million: \$100 million of 9% Notes due Year 18, \$100 million of Medium-Term Notes due Year 21 at interest rates from 8.58% to 8.75%, and \$200 million of 8.875% Debentures due Year 41. The proceeds were used to reduce short-term debt by \$227 million, pay off long-term debt maturing in Year 11 of \$129.9 million, and to fund the purchase of the minority interest of Campbell Canada.

During Year 11, the Company repurchased approximately 3.4 million shares of its capital stock at a cost of \$175.6 million. Cash received from the issuance of approximately 1.1 million treasury shares pursuant to the stock option and long-term incentive plans amounted to \$47.7 million in Year 11.

Dividends of \$137.5 million represent the dividends paid in Year 11. Dividends declared in Year 11 were \$142.2 million or \$1.12 per share, an increase of 14% over Year 10.

12 Balance Sheets

Total borrowings at the end of fiscal Year 11 were \$1.055 billion compared to \$1.008 billion at the end of Year 10. Even after the effects of the borrowing and treasury stock activity previously discussed, total debt as a percentage of total capitalization was 33.7%—the same as a year ago. The Company has ample sources of funds. It has access to the commercial paper markets with the highest rating. The Company's long-term debt is rated double A by the major rating agencies. It has filed a shelf registration with the Securities and Exchange Commission for the issuance from time to time of up to \$100 million of debt securities. Also, the Company has unused lines of credit of approximately \$635 million.

Debt-related activity is discussed in the Statements of Cash Flows section above. In addition to that, the debt balances on the Balance Sheets were affected by current maturities of long-term debt and by the classification of commercial paper to be refinanced as long-term debt in Year 10.

Aggressive management of working capital and the effect of divested businesses are evidenced by a \$235.5 million decrease in current assets exclusive of changes in cash and temporary investments. Receivables are down \$97.1 million and inventories declined \$113.1 million from Year 10. Accounts payable are down \$42.8 million because of the reduced inventory levels and divestitures. Accrued liabilities and accrued income taxes declined \$61.9 million as increases due to higher earnings levels and the timing of certain payments were offset by payments and charges resulting from the divestitures and restructuring programs.

Plant assets increased \$72.7 million due to capital expenditures of \$371.1 million offset by the annual provision for depreciation of \$194.5 million, asset sales and divestitures. Intangible assets increased \$52.1 million as the acquisitions resulted in \$132.3 million of additional goodwill. Amortization and divestitures accounted for the remainder of the change. Other assets increased principally as the result of the pension contribution.

Other liabilities decreased \$14.9 million as the reduction of minority interest resulting from the purchase of the publicly-held shares of Campbell Canada and changes in foreign currency rates of other liabilities offset the annual deferred tax provision.

Consolidated Statements of Earnings

(millions)

	<u>Year 11</u>	<u>Year 10</u>	<u>Year 9</u>
13 NET SALES	<u>\$6,204.1</u>	<u>\$6,205.8</u>	<u>\$5,672.1</u>
Costs and expenses			
14 Cost of products sold	4,095.5	4,258.2	4,001.6
15 Marketing and selling expenses	956.2	980.5	818.8
16 Administrative expenses	306.7	290.7	252.1
17 Research and development expenses	56.3	53.7	47.7
18 Interest expense (Note 3)	116.2	111.6	94.1
19 Interest income	(26.0)	(17.6)	(38.3)
20 Foreign exchange losses, net (Note 4)	.8	3.3	19.3
21 Other expense (Note 5)	26.2	14.7	32.4
22 Divestitures, restructuring and unusual charges (Note 6)	—	339.1	343.0
22A Total costs and expenses	<u>\$5,531.9</u>	<u>\$6,034.2</u>	<u>\$5,570.7</u>
23 Earnings before equity in earnings of affiliates and minority interests	\$ 672.2	\$ 171.6	\$ 101.4
24 Equity in earnings of affiliates	2.4	13.5	10.4
25 Minority interests	(7.2)	(5.7)	(5.3)
26 Earnings before taxes	667.4	179.4	106.5
27 Taxes on earnings (Note 9)	265.9	175.0	93.4
28 Net earnings	<u>\$ 401.5</u>	<u>\$ 4.4</u>	<u>\$ 13.1</u>
29 Net earnings per share (Note 22)	<u>\$ 3.16</u>	<u>\$.03</u>	<u>\$.10</u>
30 Weighted average shares outstanding	<u>127.0</u>	<u>129.6</u>	<u>129.3</u>

CAMPBELL SOUP

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CONSOLIDATED BALANCE SHEETS

(million dollars)

	July 28, Year 11	July 29, Year 10
Current Assets		
31 Cash and cash equivalents (Note 12)	\$178.9	\$80.7
32 Other temporary investments, at cost which approximates market	12.8	22.5
33 Accounts receivable (Note 13)	527.4	624.5
34 Inventories (Note 14)	706.7	819.8
35 Prepaid expenses (Note 15)	92.7	118.0
36 Total current assets	<u>1,518.5</u>	<u>1,665.5</u>
37 Plant assets, net of depreciation (Note 16)	1,790.4	1,717.7
38 Intangible assets, net of amortization (Note 17)	435.5	383.4
39 Other assets (Note 18)	404.6	349.0
Total assets	<u>\$4,149.0</u>	<u>\$4,115.6</u>
Current Liabilities		
40 Notes payable (Note 19)	\$282.2	\$202.3
41 Payable to suppliers and others	482.4	525.2
42 Accrued liabilities (Note 20)	408.7	491.9
43 Dividend payable	37.0	32.3
44 Accrued income taxes	67.7	46.4
45 Total current liabilities	<u>1,278.0</u>	<u>1,298.1</u>
46 Long-term debt (Note 19)	772.6	805.8
47 Other liabilities, principally deferred income taxes (Note 21)	305.0	319.9
Shareowners' Equity (Note 22)		
48 Preferred stock; authorized 40,000,000 shares; none issued	—	—
49 Capital stock, \$.15 par value; authorized 140,000,000 shares; issued 135,622,676 shares	20.3	20.3
50 Capital surplus	107.3	61.9
51 Earnings retained in the business	1,912.6	1,653.3
52 Capital stock in treasury, 8,618,911 shares in Year 11 and 6,353,697 shares in Year 10, at cost	(270.4)	(107.2)
53 Cumulative translation adjustments (Note 4)	23.6	63.5
54 Total shareowners' equity	<u>1,793.4</u>	<u>1,691.8</u>
55 Total liabilities and shareowners' equity	<u>\$4,149.0</u>	<u>\$4,115.6</u>

CAMPBELL SOUP

CONSOLIDATED STATEMENTS OF CASH FLOWS*(million dollars)*

	<u>Year 11</u>	<u>Year 10</u>	<u>Year 9</u>
Cash Flows from Operating Activities			
56 Net earnings	\$401.5	\$4.4	\$13.1
To reconcile net earnings to net cash provided by operating activities:			
57 Depreciation and amortization	208.6	200.9	192.3
58 Divestitures and restructuring provisions		339.1	343.0
59 Deferred taxes	35.5	3.9	(67.8)
60 Other, net	63.2	18.6	37.3
61 (Increase) decrease in accounts receivable	17.1	(60.4)	(46.8)
62 (Increase) decrease in inventories	48.7	10.7	(113.2)
63 Net change in other current assets and liabilities	30.6	(68.8)	(.6)
64 Net cash provided by operating activities	805.2	448.4	357.3
Cash Flows from Investing Activities			
65 Purchases of plant assets	(361.1)	(387.6)	(284.1)
66 Sales of plant assets	43.2	34.9	39.8
67 Businesses acquired	(180.1)	(41.6)	(135.8)
68 Sales of businesses	67.4	21.7	4.9
69 Increase in other assets	(57.8)	(18.6)	(107.0)
70 Net change in other temporary investments	9.7	3.7	9.0
71 Net cash used in investing activities	(478.7)	(387.5)	(473.2)
Cash Flows from Financing Activities			
72 Long-term borrowings	402.8	12.6	126.5
73 Repayments of long-term borrowings	(129.9)	(22.5)	(53.6)
74 Increase (decrease) in borrowings with less than three month maturities	(137.9)	(2.7)	108.2
75 Other short-term borrowings	117.3	153.7	227.1
76 Repayments of other short-term borrowings	(206.4)	(89.8)	(192.3)
77 Dividends paid	(137.5)	(124.3)	(86.7)
78 Treasury stock purchases	(175.6)	(41.1)	(8.1)
79 Treasury stock issued	47.7	12.4	18.5
80 Other, net	(.1)	(.1)	23.5
81 Net cash provided by (used in) financing activities	(219.6)	(101.8)	163.1
82 Effect of exchange rate changes on cash	(8.7)	.7	(12.1)
83 Net increase (decrease) in cash and cash equivalents	98.2	(40.2)	35.1
84 Cash and cash equivalents at beginning of year	80.7	120.9	85.8
85 Cash and cash equivalents at end of year	\$178.9	\$80.7	\$120.9

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY*(million dollars)*

	Preferred Stock	Capital Stock	Capital Surplus	Earnings Retained in the Business	Capital Stock in Treasury	Cumulative Translation Adjustments	Total Shareowners' Equity
86 Balance at July 31, Year 8	—	\$20.3	\$42.3	\$1,879.1	\$(75.2)	\$28.5	\$1,895.0
Net earnings				13.1			13.1
Cash dividends (\$.90 per share)				(116.4)			(116.4)
Treasury stock purchased					(8.1)		(8.1)
Treasury stock issued under Management incentive and Stock option plans			8.5		12.6		21.1
Translation adjustments						(26.4)	(26.4)
87 Balance at July 30, Year 9	—	20.3	50.8	1,775.8	(70.7)	2.1	1,778.3
Net earnings				4.4			4.4
Cash dividends (\$.98 per share)				(126.9)			(126.9)
Treasury stock purchased					(41.1)		(41.1)
Treasury stock issued under Management incentive and Stock option plans			11.1		4.6		15.7
Translation adjustments						61.4	61.4
Balance at July 29, Year 10	—	20.3	61.9	1,653.3	(107.2)	63.5	1,691.8
88 Net earnings				401.5			401.5
89 Cash dividends (\$ 1.12 per share)				(142.2)			(142.2)
90 Treasury stock purchased					(175.6)		(175.6)
91 Treasury stock issued under Management incentive and Stock option plans			45.4		12.4		57.8
92 Translation adjustments						(29.9)	(29.9)
93 Sale of foreign operations						(10.0)	(10.0)
94 Balance at July 28, Year 11	—	\$20.3	\$107.3	\$1,912.6	\$(270.4)	\$23.6	\$1,793.4

95 Changes in Number of Shares*(thousands of shares)*

	Issued	Out-standing	In Treasury
Balance at July 31, Year 8	135,622.7	129,038.6	6,584.1
Treasury stock purchased		(250.6)	250.6
Treasury stock issued under Management incentive and Stock option plans		790.6	(790.6)
Balance at July 30, Year 9	135,622.7	129,578.6	6,044.1
Treasury stock purchased		(833.0)	833.0
Treasury stock issued under Management incentive and Stock option plans		523.4	(523.4)
Balance at July 29, Year 10	135,622.7	129,269.0	6,353.7
Treasury stock purchased		(3,395.4)	3,395.4
Treasury stock issued under Management incentive and Stock option plans		1,130.2	(1,130.2)
Balance at July 28, Year 11	135,622.7	127,003.8	8,618.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(million dollars)

96 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 in affiliated owned 20% or more are accounted for by the equity method.

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.

Intangibles. The excess of cost of investments over net assets of purchased companies is amortized on a straight-line basis over periods not exceeding forty years.

Plant Assets. Alterations and major overhauls which substantially extend the lives of properties or materially increase their capacity 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 on the straight-line method. The United States, Canadian and certain other foreign companies use accelerated methods of depreciation for income tax purposes.

Pension Plans. Pension costs are accrued over employees' careers based on plan benefit formulas.

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

Financial Instruments. In managing interest rate exposure, the Company at times enters into interest rate swap agreements. When interest rates change, the difference to be paid or received is accrued and recognized as interest expense over the life of the agreement. In order to hedge foreign currency exposures on firm commitments, the Company at times enters into forward foreign exchange contracts. Gains and losses resulting from these instruments are recognized in the same period as the underlying hedged transaction. The Company also at times enters into foreign currency swap agreements which are effective as hedges of net investments in foreign subsidiaries. Realized and unrealized gains and losses on these currency swaps are recognized in the Cumulative Translation Adjustments account in Shareowners' Equity.

97 2 Geographic Area Information

The Company is predominantly engaged in the prepared convenience foods industry. The following presents information about operations in different geographic areas:

	Year 11	Year 10	Year 9
Net sales			
United States	\$4,495.6	\$4,527.2	\$4,233.4
Europe	1,149.1	1,101.4	983.7
Other foreign countries	656.0	673.6	542.9
Adjustment and elimination	(96.6)	(96.4)	(87.9)
Consolidated	<u>\$6,204.1</u>	<u>\$6,205.8</u>	<u>\$5,672.1</u>
Earnings (loss) before taxes			
United States	\$694.8	\$427.8	\$294.5
Europe	48.8	(178.7)	(21.3)
Other foreign countries	55.0	44.6	(59.6)
	798.6	293.7	213.6
Unallocated corporate expenses	(41.1)	(16.5)	(31.3)
Interest, net	(90.2)	(94.0)	(55.8)
Foreign currency translation adjustment	.1	(3.8)	(20.0)
Consolidated	<u>\$667.4</u>	<u>\$179.4</u>	<u>\$106.5</u>
Identifiable assets			
United States	\$2,693.4	\$2,535.0	\$2,460.5
Europe	711.3	942.2	886.9
Other foreign countries	744.3	638.4	584.7
Consolidated	<u>\$4,149.0</u>	<u>\$4,115.6</u>	<u>\$3,932.1</u>

Transfers between geographic areas are recorded at cost plus markup or at market. Identifiable assets are all assets identified with operations in each geographic area.

3 Interest Expense

	Year 11	Year 10	Year 9
Interest expense	\$136.9	\$121.9	\$97.6
Less interest expense capitalized	20.7	10.3	3.5
	<u>\$116.2</u>	<u>\$111.6</u>	<u>\$94.1</u>

CAMPBELL SOUP COMPANY

(million dollars)

101 4 Foreign Currency Translation

Fluctuations in foreign exchange rates resulted in decreases in net earnings of \$.3 in Year 11, \$3.2 in Year 10 and \$19.1 in Year 9.

The balances in the Cumulative translation adjustments account are the following:

	Year 11	Year 10	Year 9
Europe	\$ 5.6	\$43.2	\$(3.5)
Canada	3.8	3.6	(2.5)
Australia	13.4	16.1	7.3
Other	.8	.6	.8
	<u>\$23.6</u>	<u>\$63.5</u>	<u>\$ 2.1</u>

5 Other Expense

Included in other expense are the following:

	Year 11	Year 10	Year 9
102 Stock price related incentive programs	\$15.4	\$ (.1)	\$17.4
103 Amortization of intangible and other assets	14.1	16.8	16.4
104 Other, net	(3.3)	(2.0)	(1.4)
	<u>\$26.2</u>	<u>\$14.7</u>	<u>\$32.4</u>

105 6 Divestitures, Restructuring and Unusual Charges

In Year 10, charges for divestiture and restructuring programs, designed to strengthen the Company's core businesses and improve long-term profitability, reduced operating earnings by \$339.1; \$301.6 after taxes, or \$2.33 per share. The divestiture program involves the sale of several low-return or non-strategic businesses. The restructuring charges provide for the elimination of underperforming assets and unnecessary facilities and include a charge of \$113 to write off goodwill in the United Kingdom.

In Year 9, charges for a worldwide restructuring program reduced operating earnings by \$343.0; \$260.8 after taxes, or \$2.02 per share. The restructuring program involved plant consolidations, work force reductions, and goodwill write-offs.

106 7 Acquisitions

Prior to July Year 11, the Company owned approximately 71% of the capital stock of Campbell Soup Company Ltd. ("Campbell Canada"), which processes, packages and distributes a wide range of prepared foods exclusively in Canada under many of the Company's brand names. The financial position and results of operations of Campbell Canada are consolidated with those of the Company. In July Year 11, the Company acquired the remaining shares (29%) of Campbell Canada which it did not already own at a cost of \$159.7. In addition, the Company made one other acquisition at a cost of \$20.4. The total cost of Year 11 acquisitions of \$180.1 was allocated as follows:

107 Working capital	\$ 5.1
Fixed assets	4.7
Intangibles, principally goodwill	132.3
Other assets	1.5
Elimination of minority interest	<u>36.5</u>
	<u>\$180.1</u>

During Year 10 the Company made several small acquisitions at a cost of \$43.1 which was allocated as follows:

108 Working capital	\$ 7.8
Fixed assets	24.7
Intangibles, principally goodwill	18.5
Long-term liabilities and other	<u>(7.9)</u>
	<u>\$43.1</u>

During Year 9, the Company made several acquisitions at a cost of \$137.9, including a soup and pickle manufacturing business in Canada. The cost of the acquisitions was allocated as follows:

109 Working capital	\$ 39.9
Fixed assets	34.6
Intangibles, principally goodwill	65.5
Long-term liabilities and other	<u>(2.1)</u>
	<u>\$137.9</u>

These acquisition were accounted for as purchase transactions, and operations of the acquired companies are included in the financial statements from the dates the acquisitions were recorded. Proforma results

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(million dollars)

of operations have not been presented as they would not vary materially from the reported amounts and would not be indicative of results anticipated following acquisition due to significant changes made to acquired companies' operations.

110 8 Pension Plans and Retirement Benefits

Pension Plans. Substantially all of the employees of the Company and its domestic and Canadian subsidiaries are covered by noncontributory defined benefit pension plans. Plan benefits are generally based on years of service and employees' compensation during the last years of employment. Benefits are paid from funds previously provided to trustees and insurance companies or are paid directly by the Company or its subsidiaries. Actuarial assumptions and plan provisions are reviewed regularly by the Company and its independent actuaries to ensure that plan assets will be adequate to provide pension and survivor benefits. Plan assets consist primarily of shares of or units in common stock, fixed income, real estate and money market funds.

Pension expense included the following:

	Year 11	Year 10	Year 9
For Domestic and Canadian trustee plans:			
111 Service cost-benefits earned during the year	\$ 22.1	\$ 19.3	\$ 17.2
112 Interest cost on projected benefit obligation	69.0	63.3	58.8
113 Actual return on plan assets	(73.4)	(27.1)	(113.8)
114 Net amortization and deferral	6.3	(38.2)	57.8
	24.0	17.3	20.0
115 Other pension expense	7.4	6.4	6.8
116 Consolidated pension expense	<u>\$ 31.4</u>	<u>\$ 23.7</u>	<u>\$ 26.8</u>

Principal actuarial assumptions used in the United States were:

Measurements of projected benefit obligation—			
117 Discount rate	8.75%	9.00%	9.00%
118 Long-term rate of compensation increase	5.75%	5.50%	5.00%
119 Long-term rate of return on plan assets	9.00%	9.00%	9.00%

The funded status of the plans was as follows:

	July 28, Year 11	July 29, Year 10
Actuarial present value of benefit obligations:		
Vested	\$(679.6)	\$(624.4)
Non-vested	(34.8)	(35.0)
Accumulated benefit obligation	(714.4)	(659.4)
Effect of projected future salary increases	(113.3)	(101.0)
Projected benefit obligation	(827.7)	(760.4)
Plan assets at market value	857.7	773.9
Plan assets in excess of projected benefit obligation	30.0	13.5
Unrecognized net loss	122.9	86.3
Unrecognized prior service cost	54.9	55.9
Unrecognized net assets at transition	(35.3)	(39.5)
Prepaid pension expense	<u>\$ 172.5</u>	<u>\$ 116.2</u>

Pension coverage for employees of the Company's foreign subsidiaries, other than Canada, and other supplemental pension benefits of the Company 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.

Savings Plans. The Company sponsors employee savings plans which cover substantially all domestic employees. After one year of continuous service the Company matches 50% of employee contributions up to five percent of compensation within certain limits. In fiscal Year 12, the Company will increase its contribution by up to 20% if certain earnings' goals are achieved. Amounts charged to costs and expenses were \$10.0 in Year 11, \$10.6 in Year 10, and \$10.7 in Year 9.

Retiree Benefits. The Company and its domestic subsidiaries provide certain health care and life insurance benefits to substantially all retired employees and their dependents. The cost of these retiree health and life insurance benefits are expensed as claims are paid and amounted to \$15.3 in Year 11, \$12.6 in Year 10, and \$11.0 in Year 9. Substantially all retirees of foreign subsidiaries are provided health care benefits by government sponsored plans. The cost of life insurance provided to retirees of certain foreign subsidiaries is not significant.

CAMPBELL SOUP COMPANY

(million dollars)

The deferred income taxes result from temporary differences between financial statement earnings and taxable earnings as follows:

	Year 11	Year 10	Year 9
128 Depreciation	\$ 5.9	\$ 18.6	\$ 11.9
129 Pensions	13.6	11.7	8.3
130 Prefunded employee benefits	(3.3)	(4.8)	(3.4)
131 Accruals not currently deductible for tax purposes	(11.4)	(5.8)	(5.3)
132 Divestitures, restructuring and unusual charges	29.3	(11.1)	(78.2)
133 Other	1.4	(4.7)	(1.1)
	<u>\$35.5</u>	<u>\$ 3.9</u>	<u>\$(67.8)</u>

The following is a reconciliation of effective income tax rates with the statutory Federal income tax rate:

	Year 11	Year 10	Year 9
134 Statutory Federal income tax rate	34.0%	34.0%	34.0%
135 State income taxes (net of Federal tax benefit)	3.0	3.7	3.6
136 Nondeductible divestitures, restructuring and unusual charges		56.5	48.7
137 Nondeductible amortization of intangibles	.6	.9	1.1
138 Foreign earnings not taxed or taxed at other than statutory Federal rate	(.3)	1.2	.2
139 Other	2.5	1.2	.1
140 Effective income tax rate	<u>39.8%</u>	<u>97.5%</u>	<u>87.7%</u>

121 **9 Taxes on Earnings**

The provision for income taxes consists of the following:

	Year 11	Year 10	Year 9
Currently payable			
122 Federal	\$185.8	\$132.4	\$118.8
123 State	23.4	20.8	20.9
124 Foreign	21.2	17.9	21.5
124A	<u>230.4</u>	<u>171.1</u>	<u>161.2</u>
Deferred			
125 Federal	21.9	1.2	(49.3)
126 State	7.5	2.6	(8.0)
127 Foreign	6.1	.1	(10.5)
127A	<u>35.5</u>	<u>3.9</u>	<u>(67.8)</u>
127B	<u>\$265.9</u>	<u>\$175.0</u>	<u>\$ 93.4</u>

The provision for income taxes was reduced by \$3.2 in Year 11, \$5.2 in Year 10 and \$3.5 in Year 9 due to the utilization of loss carryforwards by certain foreign subsidiaries.

Certain foreign subsidiaries of the Company have tax loss carryforwards of approximately \$103.4 (\$77.4 for financial purposes), of which \$10.5 relate to periods prior to acquisition of the subsidiaries by the Company. Of these carryforwards, \$54.8 expire through Year 16 and \$48.6 may be carried forward indefinitely. The current statutory tax rates in these foreign countries range from 20% to 51%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(million dollars)

Income taxes have not been accrued on undistributed earnings of foreign subsidiaries of \$219.7 which are invested in operating assets and are not expected to be remitted. If remitted, tax credits are available to substantially reduce any resultant additional taxes.

The following are earnings before taxes of United States and foreign companies.

	Year 11	Year 10	Year 9
141 United States	\$570.9	\$277.0	\$201.5
142 Foreign	96.5	(97.6)	(95.0)
	<u>\$667.4</u>	<u>\$179.4</u>	<u>\$106.5</u>

143 10 Leases

Rent expense was \$59.7 in Year 11, \$62.4 in Year 10 and \$60.2 in Year 9 and generally relates to leases of machinery and equipment. Future minimum lease payments under operating leases are \$71.9.

11 Supplementary Statements of Earnings Information

	Year 11	Year 10	Year 9
144 Maintenance and repairs	\$173.9	\$180.6	\$173.9
145 Advertising	\$195.4	\$220.4	\$212.9

146 12 Cash and Cash Equivalents

Cash and Cash Equivalents includes cash equivalents of \$140.7 at July 28, Year 11, and \$44.1 at July 29, Year 10.

13 Accounts Receivable

	Year 11	Year 10
147 Customers	\$478.0	\$554.0
148 Allowances for cash discounts and bad debts	(16.3)	(19.9)
	<u>461.7</u>	<u>534.1</u>
149 Other	65.7	90.4
150	<u>\$527.4</u>	<u>\$624.5</u>

14 Inventories

	Year 11	Year 10
151 Raw materials, containers and supplies	\$342.3	\$384.4
152 Finished products	454.0	520.0
	<u>796.3</u>	<u>904.4</u>
153 Less—adjustments of inventories to LIFO basis	89.6	84.6
	<u>\$706.7</u>	<u>\$819.8</u>

Liquidation of LIFO inventory quantities had no significant effect on net earnings in Year 11, Year 10, or Year 9. Inventories for which the LIFO method of determining cost is used represented approximately 70% of consolidated inventories in Year 11 and 64% in Year 10.

15 Prepaid Expenses

	Year 11	Year 10
154 Pensions	\$19.8	\$ 22.3
155 Deferred taxes	36.6	37.7
156 Prefunded employee benefits	1.2	13.9
157 Other	35.1	44.1
	<u>\$92.7</u>	<u>\$118.0</u>

16 Plant Assets

	Year 11	Year 10
158 Land	\$ 56.3	\$ 63.8
159 Buildings	758.7	746.5
160 Machinery and equipment	1,779.3	1,657.6
161 Projects in progress	327.6	267.0
	<u>2,921.9</u>	<u>2,734.9</u>
162 Accumulated depreciation	(1,131.5)	(1,017.2)
	<u>\$1,790.4</u>	<u>\$1,717.7</u>

Depreciation provided in costs and expenses was \$194.5 in Year 11, \$184.1 in Year 10 and \$175.9 in Year 9. Approximately \$158.2 of capital expenditures is required to complete projects in progress at July 28, Year 11.

CAMPBELL SOUP COMPANY

(million dollars)

17 Intangible Assets

	Year 11	Year 10
163 Cost of investments in excess of net assets of purchased companies (goodwill)	\$347.8	\$281.1
164 Other intangibles	129.8	134.0
	477.6	415.1
165 Accumulated amortization	(42.1)	(31.7)
	\$435.5	\$383.4

18 Other Assets

	Year 11	Year 10
166 Investment in affiliates	\$155.8	\$169.4
167 Noncurrent prepaid pension expense	152.7	93.9
168 Other noncurrent investments	44.2	52.0
169 Other	51.9	33.7
169A	\$404.6	\$349.0

Investment in affiliates consists principally of the Company's ownership of 33% of the outstanding capital stock of Arnotts Limited, an Australian biscuit manufacturer. This investment is being accounted for by the equity method. Included in this investment is goodwill of \$28.3 which is being amortized over 40 years. At July 28, Year 11, the market value of the investment based on quoted market prices was \$213.8. The Company's equity in the earnings of Arnotts Limited was \$1.5 in Year 11, \$13.0 in Year 10 and \$8.7 in Year 9. The Year 10 amount includes a \$4.0 gain realized by Arnotts on the sales of businesses. Dividends received were \$8.2 in Year 11, \$7.4 in Year 10 and \$6.6 in Year 9. The Company's equity in the undistributed earnings of Arnotts was \$15.4 at July 28, Year 11 and \$22.1 at July 29, Year 10.

170 19 Notes Payable and Long-term Debt

Notes payable consists of the following:

	Year 11	Year 10
Commercial paper	\$ 24.7	\$191.8
8.25% Notes due Year 11		100.3
13.99% Notes due Year 12	182.0*	
Banks	23.6	91.1
Other	51.9	69.4
Amounts reclassified to long-term debt		(250.3)
	\$282.2	\$202.3

*Present value of \$200.0 zero coupon notes, net of unamortized discount of \$18.0.

At July 29, Year 10, \$150 of outstanding commercial paper and \$100.3 of currently maturing notes were reclassified to long-term debt and were refinanced in Year 11.

Information on notes payable follows:

	Year 11	Year 10	Year 9
171 Maximum amount payable at end of any monthly accounting period during the year	\$603.3	\$518.7	\$347.1
Approximate average amount outstanding during the year	\$332.5	\$429.7	\$273.5
Weighted average interest rate at year-end	10.1%	10.7%	12.1%
Approximate weighted average interest rate during the year	9.8%	10.8%	10.6%

The amount of unused lines of credit at July 28, Year 11 approximates \$635. The lines of credit are unconditional and generally cover loans for a period of a year at prime commercial interest rates.

CAMPBELL SOUP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(million dollars)

Long-term debt consists of the following:

172 Fiscal year maturities	Year 11	Year 10
13.99% Notes due Year 12	\$	\$159.7***
9.125% Notes due Year 14	100.6	100.9
10.5% Notes due Year 16*	100.0	100.0
7.5% Notes due Year 18*	99.6	99.5
9.0% Notes due Year 18	99.8	
8.58%–8.75% Medium-Term Notes due Year 21**	100.0	
8.875% Debentures due Year 41	199.6	
Other Notes due Year 12–24 (interest 4.7%–14.4%)	58.2	82.5
Notes payable, reclassified		250.3
Capital lease obligations	14.8	12.9
	<u>\$772.6</u>	<u>\$805.8</u>

*Redeemable in Year 13.

**\$50 redeemable in Year 18.

***Present value of \$200.0 zero coupon notes, net of unamortized discount of \$40.3.

173 Future minimum lease payments under capital leases are \$28.0 and the present value of such payments, after deducting implicit interest of \$6.5, is \$21.5 of which \$6.7 is included in current liabilities.

Principle amounts of long-term debt mature as follows: Year 12-\$227.7 (in current liabilities); Year 13-\$118.9; Year 14-\$17.8; Year 15-\$15.9; Year 16-\$108.3 and beyond-\$511.7.

The Company has filed a shelf registration statement with the Securities and Exchange Commission for the issuance from time to time of up to \$300 of debt securities, of which \$100 remains unissued.

Information on financial instruments follows:

At July 28, Year 11, the Company had an interest rate swap agreement with financial institutions having a notional principal amount of \$100, which is intended to reduce the impact of changes in interest rates on floating rate commercial paper. In addition, at July 28, Year 11, the Company had two swap agreements with financial institutions which covered both interest rates and foreign currencies. These agreements

have a total notional principal amount of \$103, and are intended to reduce exposure to higher foreign interest rates and to hedge the Company's net investments in the United Kingdom and Australia. The Company is exposed to credit loss in the event of non-performance by the other parties to the interest rate swap agreements; however, the Company does not anticipate nonperformance by the counterparties.

At July 28, Year 11, the Company had contracts to purchase approximately \$109 in foreign currency. The contracts are mostly for European currencies and have maturities through Year 12.

20 Accrued Liabilities

	Year 11	Year 10
174 Divestiture and restructuring charges	\$ 88.4	\$238.8
175 Other	320.3	253.1
	<u>\$408.7</u>	<u>\$491.9</u>

21 Other Liabilities

	Year 11	Year 10
176 Deferred income taxes	\$258.5	\$235.1
177 Other liabilities	23.0	28.5
178 Minority interests	23.5	56.3
	<u>\$305.0</u>	<u>\$319.9</u>

CAMPBELL SOUP COMPANY

(million dollars)

179 22 Shareowners' Equity

The Company has authorized 140 million shares of Capital Stock of \$.15 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.

The following summarizes the activity in option shares under the Company's employee stock option plans:

(thousands of shares)	Year 11	Year 10	Year 9
Beginning of year	4,301.1	3,767.9	3,257.0
Granted under the Year 4 long-term incentive plan at average price of \$63.64 in Year 11; \$47.27 in Year 10; \$30.37 in Year 9	2,136.3	1,196.0	1,495.5
Exercised at average price of \$29.82 in Year 11; \$24.78 in Year 10; \$20.65 in Year 9 in form of:			
Stock appreciation rights	(14.9)	(110.2)	(137.3)
Shares	(1,063.7)	(367.2)	(615.1)
Terminated	(216.9)	(185.4)	(232.2)
End of year	5,141.9	4,301.1	3,767.9
Exercisable at end of year	2,897.0	2,654.4	2,104.1
Shares under option-price per share:			
Range of prices: Low	\$14.68	\$ 6.98	\$ 6.98
High	\$83.31	\$57.61	\$34.31
Average	\$46.73	\$33.63	\$28.21

In addition to options granted under the Year 4 long-term incentive plan, 233,200 restricted shares of capital stock were granted to certain key management employees in Year 11; 168,850 in Year 10; and 162,000 in Year 9.

There are 4,229,111 shares available for grant under the long-term incentive plan.

Net earnings per share are based on the weighted average shares outstanding during the applicable periods. The potential dilution from the exercise of stock options is not material.

23 Statements of Cash Flows

	Year 11	Year 10	Year 9
Interest paid, net of amounts capitalized	\$101.3	\$116.3	\$ 88.9
Interest received	\$ 27.9	\$ 17.1	\$ 35.5
Income taxes paid	\$199.3	\$152.8	\$168.6
Capital lease obligations incurred	\$ 10.0	\$ 9.7	\$ 18.0

184 24 Quarterly Data (unaudited)

	Year 11			
	First	Second	Third	Fourth
Net sales	\$1,594.3	\$1,770.9	\$1,490.8	\$1,348.1
Cost of products sold	1,082.7	1,152.6	981.6	878.6
Net earnings	105.1	135.3	76.4	84.7
Per share				
Net earnings	.82	1.07	.60	.67
Dividends	.25	.29	.29	.29
Market price				
High	54.00	60.38	87.13	84.88
Low	43.75	48.50	58.75	72.38

	Year 10			
	First	Second	Third	Fourth
Net sales	\$1,523.5	\$1,722.5	\$1,519.6	\$1,440.2
Cost of products sold	1,057.2	1,173.0	1,049.3	978.7
Net earnings (loss)	83.0	105.2	54.6	(238.4)
Per share				
Net earnings (loss)	.64	.81	.42	(1.84)
Dividends	.23	.25	.25	.25
Market price				
High	58.50	59.63	54.13	62.00
Low	42.13	42.50	45.00	50.13

The fourth quarter of Year 10 includes divestitures, restructuring and unusual charges of \$301.6 after taxes, or \$2.33 per share.

CAMPBELL SOUP COMPANY

Eleven Year Review—Consolidated

(millions except per share amounts)

Fiscal Year	Year 11	Year 10 ^(a)	Year 9 ^(b)
185 Summary of Operations			
Net sales	\$6,204.1	\$6,205.8	\$5,672.1
Earnings before taxes	667.4	179.4	106.5
Earnings before cumulative effect of accounting change	401.5	4.4	13.1
Net earnings	401.5	4.4	13.1
Percent of sales	6.5%	.1%	.2%
Return on average shareowners' equity	23.0%	.3%	.7%

Financial Position

Working capital	\$ 240.5	\$ 367.4	\$ 369.4
Plant assets—net	1,790.4	1,717.7	1,540.6
Total assets	4,149.0	4,115.6	3,932.1
Long-term debt	772.6	805.8	629.2
Shareowners' equity	1,793.4	1,691.8	1,778.3

Per Share Data

Earnings before cumulative effect of accounting change	\$ 3.16	\$.03	\$.10
Net earnings	3.16	.03	.10
Dividends declared	1.12	.98	.90
Shareowners' equity	14.12	13.09	13.76

Other Statistics

Salaries, wages, pensions, etc.	\$1,401.0	\$1,422.5	\$1,333.9
Capital expenditures	371.1	397.3	302.0
Number of shareowners (in thousands)	37.7	43.0	43.7
Weighted average shares outstanding	127.0	129.6	129.3

(a) Year 10 includes pre-tax divestiture and restructuring charges of \$339.1 million; 301.6 million or \$2.33 per share after taxes.

(b) Year 9 includes pre-tax restructuring charges of \$343.0 million; \$260.8 million or \$2.02 per share after taxes.

(c) Year 8 includes pre-tax restructuring charges of \$49.3 million; \$29.4 million or 23 cents per share after taxes. Year 8 also includes cumulative effect of change in accounting for income taxes of \$32.5 million or 25 cents per share.

(d) Includes employees under the Employee Stock Ownership Plan terminated in Year 7.

CAMPBELL SOUP COMPANY

Year 8 ^(c)	Year 7	Year 6	Year 5	Year 4	Year 3	Year 2	Year 1
\$4,868.9	\$4,490.4	\$4,286.8	\$3,916.6	\$3,636.9	\$3,292.4	\$2,955.6	\$2,797.7
388.6	417.9	387.2	333.7	332.4	306.0	276.9	244.4
241.6	247.3	223.2	197.8	191.2	165.0	149.6	129.7
274.1	247.3	223.2	197.8	191.2	165.0	149.6	129.7
5.6%	5.5%	5.2%	5.1%	5.3%	5.0%	5.1%	4.6%
15.1%	15.1%	15.3%	15.0%	15.9%	15.0%	14.6%	13.2%

\$ 499.6	\$ 744.1	\$ 708.7	\$ 579.4	\$ 541.5	\$ 478.9	\$ 434.6	\$ 368.2
1,508.9	1,349.0	1,168.1	1,027.5	970.9	889.1	815.4	755.1
3,609.6	3,097.4	2,762.8	2,437.5	2,210.1	1,991.5	1,865.5	1,722.9
525.8	380.2	362.3	297.1	283.0	267.5	236.2	150.6
1,895.0	1,736.1	1,538.9	1,382.5	1,259.9	1,149.4	1,055.8	1,000.5

\$ 1.87	\$ 1.90	\$ 1.72	\$ 1.53	\$ 1.48	\$ 1.28	\$ 1.16	\$ 1.00
2.12	1.90	1.72	1.53	1.48	1.28	1.16	1.00
.81	.71	.65	.61	.57	.54	.53	.51
14.69	13.35	11.86	10.69	9.76	8.92	8.19	7.72

\$1,222.9	\$1,137.3	\$1,061.0	\$ 950.1	\$ 889.5	\$ 755.1	\$ 700.9	\$ 680.9
261.9	328.0	251.3	212.9	183.1	154.1	147.6	135.4
43.0	41.0	50.9 ^(d)	49.5 ^(d)	49.4 ^(d)	40.1	39.7	41.6
129.4	129.9	129.5	129.1	129.0	129.0	129.0	129.6

CAMPBELL SOUP

186 **CAMPBELL SOUP COMPANY AND CONSOLIDATED SUBSIDIARIES**
Property, Plant, and Equipment at Cost

(million dollars)	Land	Buildings	Machinery and Equipment	Projects in Progress	Total
Balance at July 31, Year 8	\$53.2	\$735.5	\$1,624.4	\$126.6	\$2,539.7
Additions	2.8	47.6	216.4	35.2	302.0
Acquired assets*	4.8	13.6	22.6	—	41.0
Retirements and sales	(4.5)	(88.4)	(238.3)	—	(331.2)
Translation adjustments	(0.5)	(2.5)	(5.9)	.4	(8.5)
Balance at July 30, Year 9	55.8	705.8	1,619.2	162.2	2,543.0
Additions	3.2	69.2	219.6	105.3	397.3
Acquired assets*	3.8	14.1	6.8	—	24.7
Retirements and sales	(2.8)	(64.0)	(222.9)	(1.1)	(290.8)
Translation adjustments	3.8	21.4	34.9	.6	60.7
Balance at July 29, Year 10	63.8	746.5	1,657.6	267.0	2,734.9
Additions	1.5	70.2	239.5	59.9	371.1
Acquired assets*5	3.3	.9	—	4.7
Retirements and sales	(7.5)	(49.3)	(99.9)	—	(156.7)
Rate variance	(2.0)	(12.0)	(18.8)	.7	(32.1)
Balance at July 28, Year 11	<u>\$56.3</u>	<u>\$758.7</u>	<u>\$1,779.3</u>	<u>\$327.6</u>	<u>\$2,921.9</u>

*See "Acquisitions" in Notes to Consolidated Financial Statements.

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Form 10-K

CAMPBELL SOUP COMPANY AND CONSOLIDATED SUBSIDIARIES
Accumulated Depreciation and Amortization of Property, Plant and Equipment

(million dollars)	Buildings	Machinery and Equipment	Total
Balance at July 31, Year 8	\$285.4	\$745.4	\$1,030.8
Additions charged to income	31.5	144.4	175.9
Retirements and sales	(57.8)	(143.5)	(201.3)
Translations adjustments	(0.8)	(2.2)	(3.0)
Balance at July 30, Year 9	258.3	744.1	1,002.4
Additions charged to income	34.2	149.9	184.1
Retirements and sales	(32.5)	(154.7)	(187.2)
Translations adjustments	5.2	12.7	17.9
Balance at July 29, Year 10	265.2	752.0	1,017.2
Additions charged to income	35.3	159.2	194.5
Retirements and sales	(17.4)	(52.1)	(69.5)
Translations adjustments	(2.8)	(7.9)	(10.7)
Balance at July 28, Year 11	<u>\$280.3</u>	<u>\$851.2</u>	<u>\$1,131.5</u>