

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED
APRIL 29, 2001

COMMISSION FILE NUMBER
1-3822

[CAMPBELL SOUP COMPANY LOGO]

NEW JERSEY
STATE OF INCORPORATION

21-0419870
I.R.S. EMPLOYER IDENTIFICATION NO.

CAMPBELL PLACE
CAMDEN, NEW JERSEY 08103-1799
PRINCIPAL EXECUTIVE OFFICES
TELEPHONE NUMBER: (856) 342-4800

INDICATE BY CHECK MARK WHETHER THE REGISTRANT: (1) HAS FILED ALL
REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE
REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH
FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES X NO .

THERE WERE 409,353,293 SHARES OF CAPITAL STOCK OUTSTANDING AS OF JUNE 7, 2001.

PART I. FINANCIAL INFORMATION
 CAMPBELL SOUP COMPANY CONSOLIDATED
 STATEMENTS OF EARNINGS
 (unaudited)
 (millions, except per share amounts)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|-------------------|-------------------|-------------------|
| | APRIL 29, 2001 | April 30, 2000 | APRIL 29, 2001 | April 30, 2000 |
| Net sales | \$1,439 | \$1,394 | \$5,174 | \$5,078 |
| Costs and expenses | | | | |
| Cost of products sold | 667 | 664 | 2,336 | 2,321 |
| Marketing and selling expenses | 421 | 389 | 1,403 | 1,281 |
| Administrative expenses | 75 | 68 | 246 | 238 |
| Research and development expenses | 15 | 14 | 44 | 45 |
| Other expenses | 24 | 15 | 85 | 65 |
| Total costs and expenses | 1,202 | 1,150 | 4,114 | 3,950 |
| Earnings before interest and taxes | 237 | 244 | 1,060 | 1,128 |
| Interest, net | 52 | 44 | 153 | 140 |
| Earnings before taxes | 185 | 200 | 907 | 988 |
| Taxes on earnings | 63 | 61 | 310 | 333 |
| Net earnings | \$ 122 | \$ 139 | \$ 597 | \$ 655 |
| Per share - basic | | | | |
| Net earnings | \$.30 | \$.33 | \$ 1.44 | \$ 1.54 |
| Dividends | \$.225 | \$.225 | \$.675 | \$.675 |
| Weighted average shares outstanding - basic | 410 | 423 | 415 | 426 |
| Per share - assuming dilution | | | | |
| Net earnings | \$.30 | \$.32 | \$ 1.42 | \$ 1.52 |
| Weighted average shares outstanding - assuming dilution | 411 | 432 | 420 | 432 |

See Notes to Financial Statements

CAMPBELL SOUP COMPANY CONSOLIDATED

BALANCE SHEETS

(unaudited)
(millions, except per share amounts)

| | APRIL 29, 2001 | July 30, 2000 |
|---|-------------------|------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 21 | \$ 27 |
| Accounts receivable | 397 | 443 |
| Inventories | 459 | 571 |
| Other current assets | 153 | 127 |
| Total current assets | 1,030 | 1,168 |
| Plant assets, net of depreciation | 1,542 | 1,644 |
| Intangible assets, net of amortization | 1,660 | 1,767 |
| Other assets | 600 | 617 |
| Total assets | \$ 4,832 | \$ 5,196 |
| Current liabilities | | |
| Notes payable | \$ 892 | \$ 1,873 |
| Payable to suppliers and others | 378 | 509 |
| Accrued liabilities | 429 | 360 |
| Dividend payable | 92 | 95 |
| Accrued income taxes | 235 | 195 |
| Total current liabilities | 2,026 | 3,032 |
| Long-term debt | 2,239 | 1,218 |
| Nonpension postretirement benefits | 342 | 364 |
| Other liabilities, including deferred income taxes of \$276 and \$284 | 444 | 445 |
| Total liabilities | 5,051 | 5,059 |
| Shareowners' equity | | |
| Preferred stock; authorized 40 shares; none issued | - | - |
| Capital stock, \$.0375 par value; authorized 560 shares; issued 542 shares | 20 | 20 |
| Capital surplus | 313 | 344 |
| Earnings retained in the business | 4,691 | 4,373 |
| Capital stock in treasury, at cost | (4,921) | (4,373) |
| Accumulated other comprehensive loss | (322) | (227) |
| Total shareowners' equity | (219) | 137 |
| Total liabilities and shareowners' equity | \$ 4,832 | \$ 5,196 |

See Notes to Financial Statements

CAMPBELL SOUP COMPANY CONSOLIDATED

STATEMENTS OF CASH FLOWS

(unaudited)
(millions)

| | Nine Months Ended | |
|---|-------------------|-------------------|
| | APRIL 29, 2001 | April 30, 2000 |
| Cash flows from operating activities: | | |
| Net earnings | \$ 597 | \$ 655 |
| Non-cash charges to net earnings | | |
| Depreciation and amortization | 188 | 189 |
| Deferred income taxes | (8) | 1 |
| Other, net | 28 | 21 |
| Changes in working capital | | |
| Accounts receivable | 35 | 61 |
| Inventories | 102 | 35 |
| Other current assets and liabilities | (8) | (19) |
| ----- | | |
| Net cash provided by operating activities | 934 | 943 |
| ----- | | |
| Cash flows from investing activities: | | |
| Purchases of plant assets | (103) | (120) |
| Sale of plant assets | 7 | 4 |
| Sale of businesses | - | 10 |
| Other, net | (17) | (25) |
| ----- | | |
| Net cash used in investing activities | (113) | (131) |
| ----- | | |
| Cash flows from financing activities: | | |
| Long-term borrowings | 1,028 | - |
| Repayments of long-term borrowings | - | (7) |
| Short-term borrowings | 828 | 686 |
| Repayments of short-term borrowings | (1,790) | (809) |
| Dividends paid | (281) | (289) |
| Treasury stock purchases | (618) | (374) |
| Treasury stock issuances | 14 | 3 |
| ----- | | |
| Net cash used in financing activities | (819) | (790) |
| ----- | | |
| Effect of exchange rate changes on cash | (8) | 6 |
| ----- | | |
| Net change in cash and cash equivalents | (6) | 28 |
| Cash and cash equivalents - beginning of period | 27 | 6 |
| ----- | | |
| Cash and cash equivalents - end of period | \$ 21 | \$ 34 |
| ===== | | |

See Notes to Financial Statements

CAMPBELL SOUP COMPANY CONSOLIDATED

STATEMENTS OF SHAREOWNERS' EQUITY

(unaudited)
(millions, except per share amounts)

| | Capital stock | | | | Capital surplus | Earnings retained in the business | Accumulated other comprehensive loss | Total shareowners' equity |
|---|---------------|--------|-------------|-----------|-----------------|-----------------------------------|--------------------------------------|---------------------------|
| | Issued | | In treasury | | | | | |
| | Shares | Amount | Shares | Amount | | | | |
| Balance at August 1, 1999 | 542 | \$20 | (113) | \$(4,058) | \$382 | \$4,041 | \$(150) | \$ 235 |
| Comprehensive income (loss) | | | | | | | | |
| Net earnings | | | | | | 655 | | 655 |
| Foreign currency translation adjustments | | | | | | | (86) | (86) |
| Dividends (\$.675 per share) | | | | | | (287) | | (287) |
| Treasury stock purchased | | | (10) | (373) | | | | (373) |
| Treasury stock issued under management incentive and stock option plans | | | 2 | 83 | (64) | | | 19 |
| Balance at April 30, 2000 | 542 | \$20 | (121) | \$(4,348) | \$318 | \$4,409 | \$(236) | \$ 163 |
| BALANCE AT JULY 30, 2000 | 542 | \$20 | (121) | \$(4,373) | \$344 | \$4,373 | \$(227) | \$ 137 |
| COMPREHENSIVE INCOME (LOSS) | | | | | | | | |
| NET EARNINGS | | | | | | 597 | | 597 |
| FOREIGN CURRENCY TRANSLATION ADJUSTMENTS | | | | | | | (95) | (95) |
| DIVIDENDS (\$.675 PER SHARE) | | | | | | (279) | | (279) |
| REPURCHASE OF SHARES UNDER FORWARD STOCK PURCHASE CONTRACTS | | | (11) | (521) | | | | (521) |
| TREASURY STOCK PURCHASED | | | (3) | (97) | | | | (97) |
| TREASURY STOCK ISSUED UNDER MANAGEMENT INCENTIVE AND STOCK OPTION PLANS | | | 2 | 70 | (31) | | | 39 |
| BALANCE AT APRIL 29, 2001 | 542 | \$20 | (133) | \$(4,921) | \$313 | \$4,691 | \$(322) | \$(219) |

See Notes to Financial Statements

CAMPBELL SOUP COMPANY CONSOLIDATED

NOTES TO FINANCIAL STATEMENTS

(unaudited)

(dollars in millions, except per share amounts)

- (a) The financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the indicated periods. All such adjustments are of a normal recurring nature. Certain reclassifications were made to the prior year amounts to conform with current presentation.
- (b) **Comprehensive Income**
Total comprehensive income is comprised of net earnings, net foreign currency translation adjustments, and net unrealized gains and losses on cash flow hedges.

Total comprehensive income for the three months ended April 29, 2001 and April 30, 2000 was \$79 and \$83, respectively. Total comprehensive income for the nine months ended April 29, 2001 and April 30, 2000 was \$502 and \$569, respectively. Accumulated other comprehensive loss, as reflected in the Statements of Shareowners' Equity, primarily consists of the cumulative foreign currency translation adjustment. The net gain on cash flow hedges was not material at April 29, 2001.
- (c) **Earnings Per Share**
For the periods presented in the 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. For the nine months ended April 29, 2001, the weighted average shares outstanding assuming dilution also include the incremental effect of approximately 4 million shares under forward stock purchase contracts. See note (f) for a description of the contracts which were settled on December 12, 2000. For the three and nine month periods ended April 30, 2000, the weighted average shares outstanding assuming dilution include the incremental effect of approximately 7 million and 3 million shares, respectively, under the contracts.
- (d) **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, Homepride 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 Limited businesses. Away From Home represents products, including Campbell's soups and Campbell's Specialty Kitchen entrees, which are distributed 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 the company's fiscal 2000 Annual Report on Form 10-K. The company 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 Stockpot premium refrigerated soups, which are produced in a separate facility, and for certain frozen products which are produced under contract manufacturing agreements. Accordingly, with the exception of the designated Stockpot facility, tangible assets have not been allocated to the Away From Home segment. For products produced by the assets of other segments, 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.

The following tables present information about the company's reportable segments:

APRIL 29, 2001

| THREE MONTHS ENDED | SOUP AND SAUCES | BISCUITS AND CONFECTIONERY | AWAY FROM HOME | OTHER(1) | CORPORATE AND ELIMINATIONS(2) | TOTAL |
|------------------------------------|-----------------|----------------------------|----------------|----------|-------------------------------|---------|
| NET SALES | \$ 955 | 363 | 135 | 1 | (15) | \$1,439 |
| EARNINGS BEFORE INTEREST AND TAXES | \$ 202 | 46 | 13 | - | (24) | \$ 237 |
| DEPRECIATION AND AMORTIZATION | \$ 32 | 22 | 4 | - | 6 | \$ 64 |
| CAPITAL EXPENDITURES | \$ 21 | 17 | 2 | - | 1 | \$ 41 |
| NINE MONTHS ENDED | SOUP AND SAUCES | BISCUITS AND CONFECTIONERY | AWAY FROM HOME | OTHER(1) | CORPORATE AND ELIMINATIONS(2) | TOTAL |
| NET SALES | \$3,612 | 1,193 | 416 | 4 | (51) | \$5,174 |
| EARNINGS BEFORE INTEREST AND TAXES | \$ 909 | 185 | 47 | 1 | (82) | \$1,060 |
| DEPRECIATION AND AMORTIZATION | \$ 96 | 62 | 12 | - | 18 | \$ 188 |
| CAPITAL EXPENDITURES | \$ 50 | 44 | 4 | - | 5 | \$ 103 |
| SEGMENT ASSETS | \$2,560 | 1,230 | 341 | 5 | 696 | \$4,832 |

(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.

| THREE MONTHS ENDED | SOUP AND SAUCES | BISCUITS AND CONFECTIONERY | AWAY FROM HOME | OTHER(1) | CORPORATE AND ELIMINATIONS(2) | TOTAL |
|------------------------------------|-----------------|----------------------------|----------------|----------|-------------------------------|---------|
| Net sales | \$ 927 | 347 | 132 | 5 | (17) | \$1,394 |
| Earnings before interest and taxes | \$ 204 | 42 | 13 | (1) | (14) | \$ 244 |
| Depreciation and amortization | \$ 31 | 24 | 6 | - | 5 | \$ 66 |
| Capital expenditures | \$ 27 | 14 | 1 | - | 5 | \$ 47 |
| | | | | | | |
| NINE MONTHS ENDED | SOUP AND SAUCES | BISCUITS AND CONFECTIONERY | AWAY FROM HOME | OTHER(1) | CORPORATE AND ELIMINATIONS(2) | TOTAL |
| Net sales | \$3,552 | 1,140 | 410 | 27 | (51) | \$5,078 |
| Earnings before interest and taxes | \$ 968 | 178 | 44 | - | (62) | \$1,128 |
| Depreciation and amortization | \$ 94 | 65 | 14 | - | 16 | \$ 189 |
| Capital expenditures | \$ 70 | 37 | 4 | - | 9 | \$ 120 |
| Segment assets | \$2,769 | 1,344 | 362 | 7 | 713 | \$5,195 |

(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.

(e) Inventories

| | APRIL 29, 2001 | July 30, 2000 |
|--|----------------|---------------|
| Raw materials, containers and supplies | \$ 157 | \$ 213 |
| Finished products | 302 | 358 |
| | <u>\$ 459</u> | <u>\$ 571</u> |

Approximately 63% of inventory in fiscal 2001 and 62% of inventory in fiscal 2000 is accounted for on the last in, first out (LIFO) 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 April 29, 2001 and July 30, 2000.

(f) **Forward Stock Purchase Program**
In 1999, the company entered into forward stock purchase contracts to partially hedge the company's equity exposure from its stock option program. On December 12, 2000, the company purchased 11 million shares of common stock under the existing forward contracts for approximately \$521.

(g) **Accounting for Derivative Instruments**
Effective July 31, 2000, the company adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138. The standard requires that all derivative instruments be recorded on the balance sheet at fair value and establishes criteria for designation and effectiveness of the hedging relationships. The cumulative effect of adopting SFAS No. 133 was not material to the company's consolidated financial statements as of July 30, 2000.

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. Derivative instruments 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, nor is it a party to any leveraged derivative instrument. The company designates derivatives as either fair value hedges, cash flow hedges, hedges of net investment, or as a natural hedging instrument (changes in fair value are recognized to act as an economic offset to changes in fair value of the underlying hedged item and the derivatives do not qualify for hedge accounting under SFAS No. 133).

Interest Rate Swaps

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. In February 2001, the company entered into interest rate swaps with an aggregate notional value of \$250 in conjunction with the issuance of \$500 ten-year fixed-rate notes. These swaps are accounted for as fair value hedges. The fair value of such instruments was not material at April 29, 2001. There were no interest rate swaps outstanding as of July 30, 2000.

Foreign Currency Forward Contracts

The company is exposed to foreign currency exchange risk as a result of transactions in currencies other than the functional currency of certain subsidiaries. The company utilizes foreign currency forward purchase and sale contracts in order to manage the volatility associated with foreign currency purchases and certain intercompany transactions in the normal course of business. Contracts typically have maturities of less than one year. Principal currencies include the euro, British pound, Australian dollar, Canadian dollar, and Japanese yen.

Qualifying forward exchange contracts are accounted for as cash flow hedges when the hedged item is a forecasted transaction. The fair value of these instruments was not material at April 29, 2001. Gains and losses on these instruments are recorded in Other comprehensive income/loss until the underlying transaction is recorded in earnings. When the hedged item is realized, gains or losses are reclassified from Accumulated other comprehensive income/loss to the Statement of Earnings on the same line item as the underlying transaction. The assessment of effectiveness for contracts is based on changes in the spot rates and the change in the time value of options is reported in earnings.

Qualifying forward exchange contracts are accounted for as fair value hedges when the hedged item is a recognized asset, liability or firm commitment. The fair value of such contracts was not material at April 29, 2001.

The company also enters into certain foreign currency derivative instruments that are not designated as accounting hedges. These instruments are primarily intended to reduce volatility of certain intercompany financing transactions. Gains and losses on derivatives not designated as accounting hedges are typically recorded in Other expense, as an offset to gains/losses on the underlying transaction.

Commodity Future Contracts

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. These instruments are designated as cash flow hedges. The fair value of the effective portion of the contracts is recorded in Accumulated other comprehensive income/loss and reclassified into Cost of products sold in the period in which the underlying transaction is recorded in earnings. Commodity hedging activity is not material to the company's financial statements.

All amounts in Other comprehensive income/loss for cash flow hedges are expected to be reclassified into earnings in the fiscal year. The amount of discontinued cash flow hedges during the year was not material.

Other Contracts

The company is exposed to equity price changes related to certain employee compensation obligations. 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 notional value of the equity swap contracts, which mature in 2002 and 2003, was \$60 at April 29, 2001. These instruments are not designated as accounting hedges. Gains and losses are recorded in Other expense. The net liability recorded under these contracts at April 29, 2001 was approximately \$14.

(h)

New Accounting Pronouncements

In September 2000, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board reached a final consensus on Issue No. 00-10, "Accounting for Shipping and Handling Fees and 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. Upon adoption, the company will reclassify shipping and handling costs from a reduction of sales to cost of products sold which will result in an increase in annual sales of approximately 3%. This accounting guidance is effective for the company in the fourth quarter fiscal 2001. Prior period amounts will be restated upon adoption. As reclassifications, these changes will not affect the company's financial position or earnings.

The EITF has recently addressed several topics related to the classification and recognition of certain promotional expenses. In May 2000, the EITF issued a consensus on Issue No. 00-14 "Accounting for Certain Sales Incentives". This Issue addresses the recognition, measurement and income statement classification of certain sales incentives, including discounts, coupons, and free products. In April 2001, the EITF reached a consensus on Issue No. 00-25 "Vendor Income Statement Characterization of Consideration to a Purchaser of the Vendor's Products or Services" and delayed the implementation date of Issue No. 00-14 to coincide with the effective date of Issue No. 00-25. Under these Issues, the EITF concluded that certain consumer and trade sales promotion expenses, such as coupon redemption costs, cooperative advertising programs, new product introduction fees, feature price discounts and in-store display incentives, should be classified as a reduction of sales rather than as marketing expenses. This accounting guidance is required to be adopted by the company in the third quarter fiscal 2002. Earlier adoption is permitted.

The company has historically classified certain costs covered by the provisions of Issues No. 00-14 and 00-25 as promotional expenses within Marketing and selling expense. The company is continuing to evaluate the impact of the new accounting guidance and expects that certain costs historically recorded as Marketing and selling expenses will be reclassified as a reduction of sales. Based on historical information, annual net sales as currently reported could be reduced by approximately 13% to 14%. Prior period amounts will be restated upon adoption. As reclassifications, these changes will not affect the company's financial position or earnings.

(i)

Subsequent Events

On May 4, 2001 the company completed the previously announced purchase of the European culinary brands business, comprised of several soup and sauce businesses, from Unilever, PLC/Unilever N.V. The businesses have combined annual sales of approximately \$400 with more than half in instant soups and bouillon. The acquisition will enable the company to achieve soup share leadership in six core European markets. The purchase price was one billion euros or approximately \$900. The acquisition was funded with cash and short term borrowings. The acquisition will be accounted for under the purchase method.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION
CAMPBELL SOUP COMPANY CONSOLIDATED

RESULTS OF CONTINUING OPERATIONS

OVERVIEW

The company reported net earnings of \$122 million for the third quarter ended April 29, 2001 compared to \$139 million in the comparable quarter a year ago. Diluted earnings per share of \$.30 declined 6% from the same period last year. Net sales increased 3% to \$1.44 billion but were up 5% after factoring out the unfavorable impact of currency exchange rates. The increase in sales was primarily driven by an increase in U.S. soup shipments. The decline in earnings was due to an increase in marketing, interest and other corporate expenses, partially offset by the profit impact of the reported sales growth.

For the nine months ended April 29, 2001, net earnings declined to \$597 million from \$655 million due to increased marketing investments. Net sales increased 2% versus the prior year, 4% excluding currency.

THIRD QUARTER

SALES

Sales in the quarter increased 3% from last year. The change in sales was due to a 5% increase in volume and mix, offset by a 2% decline due to currency.

An analysis of net sales by segment follows:

| (MILLIONS) | 2001 | 2000 | % CHANGE |
|----------------------------|----------|----------|----------|
| ----- | ---- | ---- | ----- |
| Soup and Sauces | \$ 955 | \$ 927 | 3% |
| Biscuits and Confectionery | 363 | 347 | 5% |
| Away From Home | 135 | 132 | 2% |
| ----- | | | |
| Subtotal | 1,453 | 1,406 | 3% |
| Other | 1 | 5 | |
| Intersegment | (15) | (17) | |
| ----- | | | |
| | \$ 1,439 | \$ 1,394 | 3% |
| ===== | | | |

Sales in Soup and Sauces increased 5% before currency, 3% as reported, primarily due to a worldwide wet soup volume increase of 8%. U.S. wet soup shipments increased 7% over the prior period. Consumer purchases of U.S. wet soup increased 12% versus a weak prior year quarter. The growth in U.S. soup was led by ready to serve varieties, including Chunky, Campbell's Select and new Campbell's Ready to Serve classics. The introduction of easy-open tops on all ready to serve varieties contributed to this growth.

International wet soup volume increased 9% primarily due to improved performance in Europe, Canada and Australia. In Europe, results were driven by the launch of Homepride soup in aseptic bottles in the UK, the first full season of Erasco soup in a pouch in Germany and the rollout of Liebig soup in an aseptic carton in Belgium. In Canada strong consumer programs, particularly advertising, drove double-digit growth. Australia had double-digit volume growth driven by new ready to serve products.

U.S. sauces and prepared foods reported relatively flat sales as compared to the prior year although consumer purchases of Pace and Franco-American increased due to new advertising. Total beverage volume remained relatively flat as compared to last year, while consumer purchases increased.

Biscuits and Confectionery reported a sales increase of 5% due to an 8% increase from volume and mix, 1% from price, offset by 4% decline due to currency led by the depreciation of the Australian dollar. Godiva Chocolatier delivered double-digit sales growth. Arnotts delivered sales growth from most core brands. Pepperidge Farm reported sales growth across the portfolio driven by the performance of new products such as Giant Goldfish and Farmhouse breads.

Away From Home reported a sales increase of 2% versus the comparable quarter a year ago due to volume and price. The growth was driven by the expanded distribution of soup, partially offset by declines in other less profitable categories.

The decline in Other is due to the divestiture of MacFarms in April 2000.

GROSS MARGIN

Gross margin, defined as net sales less cost of products sold, increased \$42 million in the quarter. As a percent of sales, gross margin was 53.6% compared to 52.4% last year. The improvement in margin percentage was principally due to stronger unit volume in the U.S. and cost productivity programs.

MARKETING AND SELLING EXPENSES

Marketing and selling expenses as a percent of sales increased to 29.3% from 27.9% in the prior year. The increase is primarily due to higher planned marketing investments in U.S. soup and the Biscuit and Confectionery portfolio.

ADMINISTRATIVE EXPENSES

Administrative expenses were relatively flat at approximately 5% of sales.

OTHER EXPENSES

Other expenses increased as compared to last year primarily due to higher incentive compensation costs.

OPERATING EARNINGS

Segment operating earnings increased 1% versus the prior year.

An analysis of operating earnings by segment follows:

| (MILLIONS) ----- | 2001 ---- | 2000 ---- | % CHANGE ----- |
|----------------------------|--------------|--------------|-------------------|
| Soup and Sauces | \$ 202 | \$ 204 | (1)% |
| Biscuits and Confectionery | 46 | 42 | 10% |
| Away From Home | 13 | 13 | - |
| ----- | | | |
| Subtotal | 261 | 259 | 1% |
| Other | - | (1) | |
| ----- | | | |
| Corporate | 261 (24) | 258 (14) | 1% |
| ----- | | | |
| | \$ 237 | \$ 244 | (3)% |
| ===== | | | |

Earnings from Soup and Sauces, essentially flat before the impact of currency, decreased 1%, primarily due to higher sales offset by increased marketing investments in U.S. soup.

Earnings from Biscuits and Confectionery increased 14% before currency, 10% as reported, to \$46 million. The increase was due to sales volume gains across the portfolio, improved mix and cost productivity.

Away From Home earnings were essentially flat with the prior year at \$13 million.

NON-OPERATING ITEMS

Net interest expense increased \$8 million to \$52 million due to higher rates and higher average debt levels versus the prior year.

The effective tax rate was 34.1% compared to 30.5% last year. The prior year tax rate was impacted by an expected full year lower effective rate on foreign earnings, driven by a reduction in the Australian statutory rate. The effective rate for the nine month period was 34.2% compared to 33.7% for the prior year.

NINE MONTHS

SALES

Sales for the nine months increased 2% to \$5.17 billion from \$5.08 billion last year. The change in sales was due to a 4% increase from volume and mix, 1% increase from price, offset by a 1% decline from divestitures and a 2% decline from currency.

An analysis of net sales by segment follows:

| (MILLIONS) | 2001 | 2000 | % CHANGE |
|----------------------------|----------|----------|----------|
| ----- | ---- | ---- | ----- |
| Soup and Sauces | \$ 3,612 | \$ 3,552 | 2% |
| Biscuits and Confectionery | 1,193 | 1,140 | 5% |
| Away From Home | 416 | 410 | 1% |
| ----- | | | |
| Subtotal | 5,221 | 5,102 | 2% |
| Other | 4 | 27 | |
| Intersegment | (51) | (51) | |
| ----- | | | |
| | \$ 5,174 | \$ 5,078 | 2% |
| ===== | | | |

The 2% sales increase reported by Soup and Sauces was due to a 4% increase in volume, offset by a 2% decline due to currency. Worldwide wet soup volume increased 5% behind 5% growth in U.S. soup shipments. The U.S. performance was led by Chunky, the new Campbell's Ready to Serve classic soups, and Chicken Noodle and Tomato soups. International wet soup volume increased 4%, primarily due to growth in Canada, Belgium, Germany, the United Kingdom, and Latin America. Beyond soup, Prego pasta sauces reported sales gains in a highly competitive category. Total beverage sales were essentially flat with prior year. Sales of prepared foods, including Franco-American, declined from the prior year.

Biscuits and Confectionery sales increased 5% due to a 9% increase from volume and mix, 1% increase from prices offset by a 5% decline from currency, primarily the Australian dollar. This performance was driven by double-digit sales growth in Godiva Chocolatier and volume gains in the Pepperidge Farm and Arnotts portfolios.

Away From Home reported a sales increase of 1% due to growth in frozen soups offset by reduced sales in low margin products.

The decline in Other is due to the divestiture of MacFarms in April 2000.

GROSS MARGIN

Gross margin, defined as net sales less cost of products sold, increased \$81 million year-to-date. As a percent of sales, gross margin was 54.9% compared to 54.3% last year. The improvement in margin percentage was principally due to product mix paced by stronger volume in the U.S. and cost savings programs. The margin improvements were partially offset by the costs of quality improvements, including the addition of 20% more chicken in Chicken Noodle soup and easy-open 'pop-top' lids on U.S. ready to serve soups.

MARKETING AND SELLING EXPENSE

Marketing and selling expenses as a percent of sales increased to 27.1% from 25.2% last year. The increase is due to higher marketing investments, particularly consumer advertising in U.S. soup, beverages, and the Biscuits and Confectionery portfolio.

ADMINISTRATIVE EXPENSES

Administrative expenses were relatively flat as a percent of sales compared to last year.

OTHER EXPENSES

Other expenses increased as compared to last year primarily due to increases in incentive compensation costs.

OPERATING EARNINGS

Segment operating earnings decreased 4% versus the prior year. An analysis of operating earnings by segment follows:

| (MILLIONS) ----- | 2001 ---- | 2000 ---- | % CHANGE ----- |
|----------------------------|--------------|--------------|-------------------|
| Soup and Sauces | \$ 909 | \$ 968 | (6)% |
| Biscuits and Confectionery | 185 | 178 | 4% |
| Away From Home | 47 | 44 | 7% |
| ----- | | | |
| Subtotal | 1,141 | 1,190 | (4)% |
| Other | 1 | - | |
| ----- | | | |
| | 1,142 | 1,190 | (4)% |
| Corporate | (82) | (62) | |
| ----- | | | |
| | \$ 1,060 | \$1,128 | (6)% |
| ----- | | | |

The decrease in earnings from Soup and Sauces is primarily due to increased marketing investments, primarily in U.S. soup and beverages.

Biscuits and Confectionery earnings increased 8% before currency due to the increase in sales across the portfolio, offset by increased marketing investments in Pepperidge Farm. Reported earnings increased only 4% due to the devaluation of the Australian dollar.

Earnings from Away From Home increased due principally to favorable product mix and improved cost productivity.

Corporate expenses increased due principally to higher incentive compensation expenses.

NON-OPERATING ITEMS

Net interest expense increased to \$153 million from \$140 million in the prior year due to higher average debt levels and higher interest rates during the period.

The effective tax rate was 34.2% compared to 33.7% last year. The prior year rate was favorably impacted by a lower effective rate on foreign earnings.

LIQUIDITY AND CAPITAL RESOURCES

The company generated cash from operations of \$934 million compared to \$943 million last year. The \$9 million decline was due to lower earnings resulting from increased marketing investments, offset by significant improvements in working capital, particularly reductions in inventory. Year to date free cash flow was \$831 million, an increase of \$8 million from the prior year, with lower earnings more than offset by working capital reductions.

Capital expenditures were \$103 million, a decrease from \$120 million last year. The company continues to manage its capital outlays tightly and expects total expenditures to approximate \$200 million in fiscal 2001, in line with fiscal 2000.

In the first nine months, the company repurchased approximately 14 million shares versus 10 million last year. On November 15, 2000, the company announced that it would suspend its strategic share repurchase program and purchase 11 million shares under existing forward stock purchase contracts. On December 12, 2000, the company purchased 11 million shares under the contracts for approximately \$521 million. The purchase was funded with a three-year floating-rate loan. See also note (f) of the Notes to Financial Statements.

On February 15, 2001, the company issued \$500 million 6.75% notes due in 2011. The company also entered into ten-year interest rate swap contracts with a notional value of \$250 million. On March 23, 2001 the company filed a shelf registration statement that will permit the issuance of \$1.1 billion of long-term debt. The shelf registration statement became effective on June 1, 2001.

On April 12, 2001, the Company entered into a 364-day credit facility agreement in the amount of \$500 million. This facility was used to support short-term borrowings made to fund the acquisition of certain European businesses of Unilever on May 4, 2001. The credit facility was unused at April 29, 2001.

RECENT DEVELOPMENTS

In September 2000, the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board reached a final consensus on Issue No. 00-10, "Accounting for Shipping and Handling Fees and 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. Upon adoption, the company will reclassify shipping and handling costs from a reduction of sales to cost of products sold which will result in an increase in annual sales of approximately 3%. This accounting guidance is effective for the company in the fourth quarter fiscal 2001. Prior period amounts will be restated upon adoption. As reclassifications, these changes will not affect the company's financial position or earnings.

The EITF has recently addressed several topics related to the classification and recognition of certain promotional expenses. In May 2000, the EITF issued a consensus on Issue No. 00-14 "Accounting for Certain Sales Incentives". This Issue addresses the recognition, measurement and income statement classification of certain sales incentives, including discounts, coupons, and free products. In April 2001, the EITF reached a

consensus on Issue No. 00-25 "Vendor Income Statement Characterization of Consideration to a Purchaser of the Vendor's Products or Services" and delayed the implementation date of Issue No. 00-14 to coincide with the effective date of Issue No. 00-25. Under these Issues, the EITF concluded that certain consumer and trade sales promotion expenses, such as coupon redemption costs, cooperative advertising programs, new product introduction fees, feature price discounts and in-store display incentives, should be classified as a reduction of sales rather than as marketing expenses. This accounting guidance is required to be adopted by the company in the third quarter fiscal 2002. Earlier adoption is permitted.

The company has historically classified certain costs covered by the provisions of Issues No. 00-14 and 00-25 as promotional expenses within Marketing and selling expense. The company is continuing to evaluate the impact of the new accounting guidance and expects that certain costs historically recorded as Marketing and selling expenses will be reclassified as a reduction of sales. Based on historical information, annual net sales as currently reported could be reduced by approximately 13% to 14%. Prior period amounts will be restated upon adoption. As reclassifications, these changes will not affect the company's financial position or earnings.

On May 16, 2001, the company issued a press release announcing results for the third quarter fiscal 2001 and commented on the outlook for earnings per share for the full year. In that release, the company said the following:

- The company expects earnings per share to be between \$1.60 to \$1.64, before the impact of the acquisition of the European culinary brands business and the Arnott's manufacturing reconfiguration.
- Although detailed plans are not yet finalized, the company expects to incur up to \$20 million in pre-tax costs, or approximately \$.03 per share, in the fourth quarter in connection with the Arnott's manufacturing reconfiguration.
- The company also expects a \$.02 to \$.03 per share dilutive impact in the fourth quarter as a result of transition costs and integration costs associated with the European acquisition.

FORWARD-LOOKING STATEMENTS

This quarterly 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 complete the successful post-acquisition integration of acquired businesses into its existing operations;
- 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding the company's exposure to certain market risks, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in the Annual Report on Form 10-K for fiscal 2000. In February 2001, the company entered into interest rate swap agreements with an aggregate notional value of \$250 million. See also note (f) of the Notes to Financial Statements for a discussion of forward stock purchase contracts which were settled in December 2000. There have been no other significant changes in the company's portfolio of financial instruments or market risk exposures which have occurred since year-end.

ITEM 1. LEGAL PROCEEDINGS

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.

As previously reported, ten purported class action lawsuits were commenced against the company and certain of its officers in the United States District Court for the District of New Jersey. The lawsuits were subsequently consolidated, and an amended consolidated complaint was filed alleging, among other things, that Campbell and certain of its officers misrepresented the company's financial condition between September 8, 1997 and January 8, 1999, by failing to disclose alleged shipping and revenue recognition practices in connection with the sale of certain company products at the end of the company's fiscal quarters in violation of Section 10 (b) and 20 (a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. The actions seek compensation and other damages, and costs and expenses associated with the litigation. Campbell believes the action is without merit.

As also previously reported, the United States Environmental Protection Agency (the "EPA") sent Campbell Soup Company a special notice letter dated September 28, 2000 relating to the Puente Valley Operable Unit of the San Gabriel Valley Superfund Sites, Los Angeles County, California (the "Superfund Site") for property located at 125 N. Orange Avenue, Industry, California, advising that the EPA considers Campbell to be a potentially responsible party due to the alleged release or threatened release of hazardous substances, and therefore, potentially responsible for the costs incurred in connection with contamination at the Superfund Site. Although the impact of this proceeding cannot be predicted at this time due to the large number of other potentially responsible parties and the uncertainty involved in estimating the cost of clean-up, the ultimate disposition is not expected to have a material effect on the consolidated results of operations, financial position, or cash flows of the company.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

None.

b.

Reports on Form 8-K

The company filed a report on Form 8-K on January 31, 2001 announcing an agreement to acquire several soup and sauce businesses in Europe for approximately 1 billion euros and revised earnings estimates for the second quarter ended January 28, 2001.

The company filed a report on Form 8-K on February 15, 2001 pertaining to the outlook for earnings per share for the third quarter of fiscal 2001 and for the full year.

SIGNATURES

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

CAMPBELL SOUP COMPANY

Date: June 13, 2001

By: /s/ Robert A. Schiffner

Robert A. Schiffner
Senior Vice President and
Chief Financial Officer

By: /s/ Ellen Oran Kaden

Ellen Oran Kaden
Senior Vice President -
Law and Government Affairs

None.