

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  
OCTOBER 31, 1999

COMMISSION FILE NUMBER  
1-3822

[CAMPBELL SOUP 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 426,424,376 SHARES OF CAPITAL STOCK OUTSTANDING AS OF  
DECEMBER 1, 1999.

## PART I. FINANCIAL INFORMATION

## CAMPBELL SOUP COMPANY CONSOLIDATED

## STATEMENTS OF EARNINGS

(unaudited)  
(millions, except per share amounts)

	Three Months Ended	
	OCTOBER 31, 1999	November 1, 1998
Net sales	\$1,768	\$1,804
Costs and expenses		
Cost of products sold	809	830
Marketing and selling expenses	428	420
Administrative expenses	83	78
Research and development expenses	16	16
Other expenses	21	13
Total costs and expenses	1,357	1,357
Earnings before interest and taxes	411	447
Interest, net	46	44
Earnings before taxes	365	403
Taxes on earnings	130	139
Net earnings	\$ 235	\$ 264
Per share - basic		
Net earnings	\$ .55	\$ .59
Dividends	\$ .225	\$ .210
Weighted average shares outstanding - basic	429	448
Per share - assuming dilution		
Net earnings	\$ .54	\$ .58
Weighted average shares outstanding - assuming dilution	433	454

See Notes to Financial Statements

## CAMPBELL SOUP COMPANY CONSOLIDATED

## BALANCE SHEETS

(unaudited)  
(millions)

	OCTOBER 31, 1999	August 1, 1999
	-----	-----
Current assets		
Cash and cash equivalents	\$ 34	\$ 6
Accounts receivable	683	541
Inventories	690	615
Other current assets	140	132
	-----	-----
Total current assets	1,547	1,294
Plant assets, net of depreciation	1,713	1,726
Intangible assets, net of amortization	1,888	1,910
Other assets	594	592
	-----	-----
Total assets	\$ 5,742	\$ 5,522
	=====	=====
Current liabilities		
Notes payable	\$ 2,031	\$ 1,987
Payable to suppliers and others	495	511
Accrued liabilities	514	415
Dividend payable	96	97
Accrued income taxes	237	136
	-----	-----
Total current liabilities	3,373	3,146
Long-term debt	1,328	1,330
Nonpension postretirement benefits	390	394
Other liabilities, including deferred income taxes of \$263 and \$263	423	417
	-----	-----
Total liabilities	5,514	5,287
Shareowners' equity		
Preferred stock; authorized 40 shares; none issued	-	-
Capital stock, \$.0375 par value; authorized 560 shares; issued 542 shares	20	20
Capital surplus	339	382
Earnings retained in the business	4,180	4,041
Capital stock in treasury, at cost	(4,156)	(4,058)
Accumulated other comprehensive income	(155)	(150)
	-----	-----
Total shareowners' equity	228	235
Total liabilities and shareowners' equity	\$ 5,742	\$ 5,522
	=====	=====

See Notes to Financial Statements

CAMPBELL SOUP COMPANY CONSOLIDATED  
STATEMENTS OF CASH FLOWS

-----  
(unaudited)  
(millions)  
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	Three Months Ended	
	OCTOBER 31, 1999	November 1, 1998
	-----	-----
Cash flows from operating activities:		
Net earnings	\$ 235	\$ 264
Non-cash charges to net earnings		
Depreciation and amortization	62	59
Deferred taxes	(1)	(3)
Other, net	1	16
Changes in working capital		
Accounts receivable	(142)	(160)
Inventories	(73)	(97)
Other current assets and liabilities	179	102
	-----	-----
Net cash provided by operating activities	261	181
	-----	-----
Cash flows from investing activities:		
Purchases of plant assets	(36)	(47)
Sales of plant assets	1	8
Businesses acquired	-	(105)
Other, net	(1)	(4)
	-----	-----
Net cash used in investing activities	(36)	(148)
	-----	-----
Cash flows from financing activities:		
Long-term borrowings	-	324
Repayments of long-term borrowings	(3)	(1)
Short-term borrowings	282	457
Repayments of short-term borrowings	(239)	(551)
Dividends paid	(97)	(95)
Treasury stock purchases	(155)	(215)
Treasury stock issuances	12	54
	-----	-----
Net cash used in financing activities	(200)	(27)
	-----	-----
Effect of exchange rate changes on cash	3	(3)
	-----	-----
Net change in cash and cash equivalents	28	3
	-----	-----
Cash and cash equivalents - beginning of period	6	16
	-----	-----
Cash and cash equivalents - end of period	\$ 34	\$ 19
	=====	=====

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 income	Total shareowners' equity
	Issued		In treasury					
	Shares	Amount	Shares	Amount				
Balance at August 2, 1998	542	\$ 20	(94)	\$(3,083)	\$ 395	\$ 3,706	\$ (164)	\$ 874
Comprehensive income								
Net earnings						264		264
Foreign currency translation adjustments							8	8
Dividends (\$.210 per share)						(94)		(94)
Treasury stock purchased			(4)	(215)				(215)
Treasury stock issued under management incentive and stock option plans			1	16	(1)			15
Balance at November 1, 1998	542	\$ 20	(97)	\$(3,282)	\$ 394	\$ 3,876	\$ (156)	\$ 852
BALANCE AT AUGUST 1, 1999	542	\$ 20	(113)	\$(4,058)	\$ 382	\$ 4,041	\$ (150)	\$ 235
COMPREHENSIVE INCOME								
NET EARNINGS						235		235
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS							(5)	(5)
DIVIDENDS (\$.225 PER SHARE)						(96)		(96)
TREASURY STOCK PURCHASED			(3)	(155)				(155)
TREASURY STOCK ISSUED UNDER MANAGEMENT INCENTIVE AND STOCK OPTION PLANS			1	57	(43)			14
BALANCE AT OCTOBER 31, 1999	542	\$ 20	(115)	\$(4,156)	\$ 339	\$ 4,180	\$ (155)	\$ 228

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**  
 As of August 3, 1998, the company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," issued in June 1997. SFAS 130 establishes a standard for reporting comprehensive income, which is comprised of net income and "other" comprehensive income items, in the financial statements. "Other" comprehensive income includes items recorded in shareowners' equity that are not the result of transactions with shareowners, such as foreign currency translation adjustments.
- As of October 31, 1999 and November 1, 1998, accumulated other comprehensive income, as reflected in the statements of shareowners' equity, represents the cumulative translation adjustment.
- (c) **Restructuring Program**  
 A restructuring charge of \$41 (\$30 after tax or \$.07 per share) was recorded in the fourth quarter fiscal 1999 to cover the costs of a restructuring and divestiture program approved in July 1999 by the company's Board of Directors. This charge relates to the streamlining of certain North American and European production and administrative facilities and the anticipated cost of a divestiture of a non-strategic business with annual sales of approximately \$25.
- The restructuring charge includes approximately \$20 in cash charges primarily related to severance and employee benefit costs. The balance of the restructuring charge includes non-cash charges related to the disposition of plant assets and the divestiture. The company expects to complete the restructuring and divestiture program in fiscal 2000. The expected net cash outflows will not have a material impact on the company's liquidity. From this program, the company expects to realize annual pre-tax savings of approximately \$21.
- A \$5 (\$3 after tax or \$.01 per share) reversal of the third quarter fiscal 1998 restructuring charge was also recorded in the fourth quarter fiscal 1999. The reversal reflects the net impact of changes in estimates and modifications to the original program. Two manufacturing facilities scheduled for closure in fiscal 1999 were not taken out of service due to changes in business and economic conditions subsequent to the original charge, while additional asset rationalization and plant reconfiguration strategies were implemented which resulted in incremental headcount reductions. The initial charge for the third quarter fiscal 1998 program was \$262 (\$193 after tax or \$.42 per share). This program was designed to improve operational efficiency by rationalizing certain U.S., European and Australian production and administrative facilities and divesting non-strategic businesses. Remaining spending under the program, which is primarily associated with employee benefit costs, is expected to be completed by the second quarter fiscal 2000.

A summary of restructuring reserves at October 31, 1999 and related activity described above is as follows:

	Losses on Asset Dispositions and Divestitures -----	Severance and Benefits -----	Other Exit Costs -----	Total -----
Balance at August 2, 1998	\$ 151	32	10	\$ 193
Spending	(132)	(28)	(9)	(169)
Modifications and changes in estimates	(21)	16	-	(5)
1999 Provision	21 ----	18 ----	2 ----	41 ----
Balance at August 1, 1999	\$ 19	38	3	\$ 60
SPENDING	(1) ----	(9) ----	(1) ----	(11) ----
BALANCE AT OCTOBER 31, 1999	\$ 18 =====	29 =====	2 =====	\$ 49 =====

(d) Earnings Per Share

The company adopted the provisions of SFAS No. 128, "Earnings per Share" ("EPS") as of the second quarter fiscal 1998. 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 three month period ended October 31, 1999, the weighted average shares outstanding assuming dilution also includes the incremental effect of approximately one million shares under the forward stock purchase contract. See Note (g) for a description of the contract.

(e) Segment Information

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

The Soup and Sauces segment includes the worldwide soup businesses, Prego spaghetti sauces, Pace Mexican sauces, Franco-American pastas and gravies, Swanson broths, and V8 and V8 Splash beverages. The Biscuits and Confectionery segment includes the Godiva Chocolatier, Pepperidge Farm, and the 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 1999 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 the Stockpot premium refrigerated soups, which are

produced in a separate facility. 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.

OCTOBER 31, 1999

	SOUP AND SAUCES -----	BISCUITS AND CONFECTIONERY -----	AWAY FROM HOME ----	OTHER(1) -----	CORPORATE AND ELIMINATIONS(2) -----	Total -----
NET SALES	\$ 1,263	374	135	13	(17)	\$ 1,768
EARNINGS BEFORE INTEREST AND TAXES	\$ 358	58	14	1	(20)	\$ 411
DEPRECIATION AND AMORTIZATION	\$ 32	20	4	-	6	\$ 62
CAPITAL EXPENDITURES	\$ 21	11	1	-	3	\$ 36
SEGMENT ASSETS	\$ 3,137	1,491	378	42	694	\$ 5,742

November 1, 1998

	Soup and Sauces -----	Biscuits and Confectionery -----	Away From Home ----	Other(1) -----	Corporate and Eliminations(2) -----	Total -----
Net sales	\$ 1,289	362	126	40	(13)	\$ 1,804
Earnings before interest and taxes	\$ 390	58	16	3	(20)	\$ 447
Depreciation and amortization	\$ 31	20	3	2	3	\$ 59
Capital expenditures	\$ 27	13	-	3	4	\$ 47
Segment assets	\$ 3,304	1,492	320	186	693	\$ 5,995

(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 taxes and pension assets.

9  
(f) Inventories

	OCTOBER 31, 1999 ----	August 1, 1999 ----
Raw materials, containers and supplies	\$244	\$207
Finished products	446	408
	-----	-----
	\$690	\$615
	=====	=====

Approximately 65% of inventory in fiscal 2000 and 70% in fiscal 1999 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 October 31, 1999 and August 1, 1999.

(g) Forward Stock Purchase Program

In October 1998, the company entered into a forward stock purchase contract to partially hedge the company's equity exposure from its stock option program. The contract, which matures in fiscal 2004, allows the company to repurchase approximately 11 million shares at an average price of approximately \$47 per share. The company may elect to settle the contract on a net share basis in lieu of physical settlement. The contract permits early settlement and may be renewed for an additional five-year term.

If the forward purchase contract had been settled on a net share basis as of October 31, 1999, the company would have provided the counterparty with approximately 570,000 shares of its capital stock.

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

RESULTS OF CONTINUING OPERATIONS  
 -----

OVERVIEW  
 -----

The company reported net earnings of \$235 million for the first quarter ended October 31, 1999 versus \$264 million in the comparable quarter a year ago, reflecting the decision last January to eliminate inefficient quarter-end promotions for U.S. retail customers. Diluted earnings per share decreased 7% to \$.54 per share from \$.58. Net sales declined 2% as compared to last year primarily due to the impact of divestitures.

SALES  
 -----

Net sales declined 2% to \$1.77 billion from \$1.80 billion last year. The variance was due primarily to the impact of divestitures since volume and mix fluctuations offset higher selling prices during the quarter.

An analysis of net sales by segment follows:

(millions) -----	2000 ----	1999 ----	% CHANGE -----
Soup and Sauces	\$ 1,263	\$ 1,289	(2)
Biscuits and Confectionery	374	362	3
Away From Home	135	126	7
	-----	-----	---
Subtotal	1,772	1,777	-
Other	13	40	
Intersegment	(17)	(13)	
	-----	-----	---
	\$ 1,768	\$ 1,804	(2)
	=====	=====	===

The decline in Soup and Sauces was due to a worldwide wet soup volume decline of 6%. U.S. wet soup volume declined 6% due to the elimination of quarter-end promotions. This decline was partially offset by the beverage business with continued strong demand for V8 Splash. Sales of U.S. sauces and prepared foods declined from the prior year due to increased competition against Franco-American products and a shift in the timing of promotional programs for Pace products.

International soup volume declined 2% mainly due to the performance of Canada and the UK. The Canadian business was adversely affected by the timing of trade promotions in fiscal 2000 versus the prior year. Australia experienced strong volume gains in both ready to serve and condensed soup.

The increase in sales reported by Biscuits and Confectionery compared to the first quarter fiscal 1999 was primarily due to double-digit growth in Godiva Chocolatier. Arnotts also reported modest growth, due in part to the strengthening of the Australian dollar. Pepperidge Farm sales were impacted by a decline in Goldfish.

Away From Home reported an increase of 7% versus the comparable quarter a year ago with strong sales of core products. New kettle merchandisers, self-serve kettles containing high quality Campbell branded soups, continued to build volume.

#### GROSS MARGIN

- - - - -

Gross margin, defined as net sales less cost of products sold, declined \$15 million in the quarter. As a percent of sales, gross margin was relatively flat at approximately 54%.

#### MARKETING AND SELLING EXPENSES

- - - - -

Marketing and selling expenses as a percent of sales increased to 24% from 23% last year. The increase is principally due to higher selling expenses from the growth in retail stores in the Godiva business.

#### ADMINISTRATIVE EXPENSES

- - - - -

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

#### OPERATING EARNINGS

- - - - -

Segment operating earnings declined 7% for the first quarter versus the prior year.

An analysis of operating earnings by segment follows:

(millions)	2000	1999	% CHANGE
-----	----	-----	-----
Soup and Sauces	\$ 358	\$ 390	(8)
Biscuits and Confectionery	58	58	-
Away From Home	14	16	(13)
	----	----	----
Subtotal	430	464	(7)
Other	1	3	
	----	----	----
	431	467	(8)
Corporate	(20)	(20)	
	----	----	----
	\$ 411	\$ 447	(8)
	=====	=====	=====

Earnings from Soup and Sauces declined 8% due to lower U.S. wet soup sales, increased investments in new business development, and weakness in the sauces and prepared food categories.

Earnings from Biscuits and Confectionery remained flat at \$58 million. Arnotts delivered strong earnings from an increase in sales. However, Godiva Chocolatier earnings declined due to the investment in new store openings, and earnings from Pepperidge Farm were adversely impacted by intense competition in the cheese cracker business.

Away From Home reported an earnings decline of \$2 million to \$14 million. Earnings were negatively impacted by the start up of a new Stockpot facility and continued costs associated with the integration of the Stockpot business, which was acquired in fiscal 1999.

#### NON-OPERATING ITEMS

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Interest expense increased slightly to \$46 million from \$44 million in the prior year due to higher debt levels.

The effective tax rate increased to 35.6% compared to 34.5% last year, due to the increasing concentration of earnings from U.S. businesses.

## RESTRUCTURING CHARGE

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

The restructuring includes approximately \$20 million in cash charges primarily related to severance and employee benefit costs. The balance of the restructuring charge includes non-cash charges related to the disposition of plant assets and the divestiture. The company expects to complete the restructuring and divestiture program in fiscal 2000. The expected net cash outflows will not have a material impact on the company's liquidity. From this program the company expects to realize annual pre-tax savings of approximately \$21 million.

See Note (c) to the Consolidated Financial Statements for further discussion.

## LIQUIDITY AND CAPITAL RESOURCES

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The company generated cash from operations of \$261 million compared to \$181 million last year. This increase is principally due to improved working capital versus prior year.

Capital expenditures were \$36 million, a decrease from \$47 million last year. The company continues to aggressively manage its capital outlays and expects total expenditures to approximate \$300 million in fiscal 2000.

The company repurchased 3.6 million shares in the quarter versus 4.2 million last year.

Historically, certain computer programs were written using two digits rather than four to define the applicable year. Accordingly, the company's software may recognize a date using "00" as 1900 rather than the year 2000, which could result in computer systems failures or miscalculations, commonly referred to as the Year 2000 ("Y2K") issue. The Y2K issue can arise at any point in the company's supply, manufacturing, processing, distribution and financial chains. Incomplete or untimely resolution of the Y2K issue by the company, key suppliers, customers and other parties could have a material adverse effect on the company's results of operations, financial condition and cash flows.

To address the Y2K issue, the company established a Worldwide Year 2000 Business Action Council, led by an Executive Steering Committee of the company's senior management, including representatives of each of the company's business segments and corporate functions, to oversee and regularly review the status of the readiness plan discussed below. In addition, the company established a Worldwide Project Office responsible for the day-to-day oversight and coordination of the Y2K remediation, replacement and testing of business systems. This project office reports to the company's Chief Information Officer.

The company's plan for addressing the Y2K issue was divided into three major phases: Business Systems Inventory and Assessment, Remediation and Replacement, and Testing.

- - Business Systems Inventory and Assessment - The internal inventory portion of this phase, which commenced in 1997, was designed to identify internal business systems that were susceptible to system failure or processing errors as a result of the Y2K issue. This phase is complete. Approximately 700 worldwide information technology (IT) business systems were inventoried and approximately 200 were Y2K compliant and 500 were identified as non-compliant. It was determined that approximately 400 of the non-compliant systems required remediation and the remaining 100 systems would be retired or replaced. In addition, the company has completed the inventory and assessment of its non-information technology (Non-IT) systems. The remediation and replacement of these systems, which include manufacturing production lines and equipment, elevators, heating, ventilation and air conditioning systems and water treatment systems, is included in the remediation and replacement plan discussed below. As part of this phase, significant service providers, vendors, suppliers, customers and governmental entities that are believed to be critical to business operations after January 1, 2000, were identified and steps were undertaken to ascertain their stage of Y2K readiness through questionnaires, interviews, on-site visits and other available means.
- - Remediation and Replacement - The company developed a remediation and replacement plan for all affected systems including IT and Non-IT systems. The company's plan established priorities for remediation or replacement. The business systems considered most critical to ongoing operations were given the highest priority. The company prioritized its business systems into "Mission Critical" and "All Other." "Mission Critical" systems are defined as business systems such as Business Planning and Control Process, Sales Order Billing and Warehouse Management systems, that, if shut down or interrupted,

could have a material adverse effect on the company's results of operations, financial condition and cash flows. "All Other" systems are defined as business systems such as Data Warehouse and Job Bidding systems that, if shut down or interrupted, may have an adverse impact on the company. Internal and external resources were used to execute the plan. Remediation and replacement of "Mission Critical" systems and "All Other" systems were substantially completed on schedule by the fourth quarter 1999.

- - Testing - Testing was performed in conjunction with remediation and replacement. The company's efforts in this phase include testing by users and confirmation by appropriate local and Y2K project management that the remediated or replaced systems are Y2K compliant. The company has substantially completed testing and all systems have been returned to production.

Because the company's Y2K compliance is dependent upon key third parties also being Y2K compliant on a timely basis, there can be no guarantee that the company's efforts will prevent a material adverse impact on its results of operations, financial condition and cash flows. The possible consequences to the company or its business partners not being fully Y2K compliant include temporary plant closings, delays in the delivery of finished products, delays in the receipt of key ingredients, containers and packaging supplies, invoice and collection errors and inventory and supply obsolescence. These consequences could have a material adverse effect on the company's results of operations, financial condition and cash flows if the company is unable to conduct its business in the ordinary course as a result of the Y2K issue. The company believes that its readiness program, including the contingency plans discussed below, should significantly reduce the adverse effect any such disruptions may have.

The company has developed contingency plans to mitigate the potential disruptions that may result from the Y2K issue. These plans include identifying and securing alternate suppliers of ingredients, containers, packaging materials and utilities, adjusting manufacturing facility production, shutdown and start-up schedules, stockpiling of finished product inventories and certain other measures considered appropriate by management. These contingency plans, and the related cost estimates, will be continually monitored and refined as additional information becomes available.

The company currently estimates that the aggregate cost of its Y2K efforts will be approximately \$44 million, of which \$39 million has been incurred to date. These costs, except for capital costs of approximately \$3 million, are being expensed as incurred and are being funded through operating cash flows. The company incurred Y2K costs of approximately \$23 million in fiscal 1999 and expects to incur Y2K costs of approximately \$7 million in fiscal 2000.

(millions)

Components	Current Cost Estimates	Costs Incurred	Estimated Costs to Complete
External Consulting	\$ 23	(21)	\$ 2
Hardware/Software Upgrades	13	(12)	1
Other	8	(6)	2
	\$ 44	(39)	\$ 5

The company believes that such costs will not have a material impact on the company's results of operations, financial condition or cash flows.

#### RECENT DEVELOPMENTS

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued and is expected to be effective for fiscal years beginning after June 15, 2000. The standard requires that all derivative instruments be recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in earnings or other comprehensive income, based on whether the instrument is designated as part of a hedge transaction and, if so, the type of hedge transaction. The company is currently assessing the impact of the adoption on the company's financial statements. Based on the company's current portfolio, it is not expected that adoption of this statement will have a material effect on the company's results of operations, financial condition or cash flows.

## 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 continuation of the company's successful record of integrating acquisitions into its existing operations and the availability of new acquisition and alliance opportunities that build shareowner wealth;
- - the company's ability to achieve its cost savings objectives, including the projected outcome of supply chain management programs;
- - the difficulty of predicting the pattern of inventory movements by the company's trade customers;
- - 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; and

- - the ability of the company and its key service providers, vendors, suppliers, customers and governmental entities to replace, modify or upgrade computer systems in ways that adequately address the Y2K issue. Specific factors that might cause actual results to vary materially from the results anticipated include the ability to identify and correct all relevant computer codes and embedded chips, unanticipated difficulties or delays in the implementation of the company's remediation plans and the ability of third parties to adequately address their own Y2K issues.

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 1999. There have been no 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. The company has been named as a potentially responsible party in a number of proceedings brought under the Comprehensive Environmental Response, Compensation and Liability Act, commonly known as Superfund. Although the impact of these proceedings cannot be predicted at this time due to the large number of other potentially responsible parties and the speculative nature of clean-up cost estimates, 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

No.

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4 There is no instrument with respect to long-term debt of the company that involves indebtedness or securities authorized thereunder exceeding 10 percent of the total assets of the company and its subsidiaries on a consolidated basis. The company agrees to file a copy of any instrument or agreement defining the rights of holders of long-term debt of the company upon request of the Securities and Exchange Commission.

27 Financial Data Schedule.

## b. Reports on Form 8-K

There were no reports on Form 8-K filed by the company during the first quarter of fiscal 2000.

SIGNATURES  
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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: December 14, 1999

By: /s/ Basil Anderson  
-----  
Basil Anderson  
Executive Vice President and  
Chief Financial Officer

By: /s/ Ellen Oran Kaden  
-----  
Ellen Oran Kaden  
Senior Vice President -  
Law and Government Affairs

Exhibit Number  
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27      Financial Data Schedule.

5  
1,000,000

3-MOS  
JUL-30-2000  
AUG-02-1999  
OCT-31-1999

		34
	0	
	724	
	41	
	690	
1,547		3,247
	1,534	
	5,742	
3,373		1,328
0		0
	0	20
	208	
5,742		1,768
	1,768	809
	809	
	21	
	0	
	54	
	365	
	130	
235		0
	0	
	0	
		0
	235	
	\$.55	
	\$.54	