Working the plan

Campbell's
CONDENSED
Chicken Noodle SOUP
V8
M'm! M'm! Good!
Campbell's Select
I love my Mom's home-cooked meals. They taste so good!
ARNOTT'S

How the people of Campbell are transforming their company – by delighting consumers, revitalizing great brands, enhancing quality and productivity, and laying the groundwork for a more rewarding future.

Campbell Soup Company 2002 Annual Report

In 2001, Campbell launched a clear plan for corporate renewal:

1. Revitalize U.S. Soup.
2. Strengthen the broader portfolio for consistent sales and earnings growth.
3. Build new growth avenues.
4. Drive a quality agenda while continuing to drive productivity.
5. Improve organization excellence and vitality.

In 2002, we rolled up our sleeves and began to put our plan into action. As a result, we're making progress in nearly every part of the company.

In this annual report, we'll show you what we've been doing – and, more importantly, where we're going from here. As you turn the pages, you'll see how the transformation of Campbell has begun – how we're leveraging great brands and talented people to win in the marketplace and in the workplace.

At Campbell, we're working the plan... and the plan is beginning to work.

>>

Financial Highlights

(millions of dollars, except per share amounts)

	2002	2001
Net sales	**$ 6,133**	$ 5,771[1]
Gross margin	**$ 2,690**	$ 2,639[1]
Percent of sales	**43.9%**	45.7%
Earnings before interest and taxes[2]	**$ 984**	$ 1,194
Percent of sales	**16.0%**	20.7%
Free cash flow[3]	**$ 748**	$ 906
Cash margin[4]	**21.2%**	25.4%
Net earnings	**$ 525**	$ 649
Per share		
Basic	**$ 1.28**	$ 1.57
Diluted	**$ 1.28**	$ 1.55
Dividends	**$ 258**	$ 371
Per share	**$ 0.63**	$ 0.90

[1] In 2002, financial results were restated to conform to the requirements of new accounting standards. Certain consumer and trade promotional expenses have been reclassified from Marketing and selling expenses and Cost of products sold to Net sales for 2001.

[2] 2002 and 2001 results include pre-tax costs of $20 ($14 after tax or $.03 per share) and $15 ($11 after tax or $.03 per share), respectively, related to an Australian manufacturing reconfiguration. Of these amounts, pre-tax costs of approximately $19 and $5 were recorded in 2002 and 2001, respectively, in Cost of products sold.

[3] Free cash flow equals net cash provided by operating activities less capital expenditures.

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

About Campbell Soup Company

Campbell Soup Company is a global manufacturer and marketer of high quality soups, sauces, beverages, biscuits, confectionery, and prepared food products. The company owns a portfolio of more than 20 market-leading businesses, each with more than $100 million in sales. They include *Campbell's* soups worldwide, *Erasco* soups in Germany, *Liebig* soups in France, *Pepperidge Farm* cookies and crackers, *V8* vegetable juices, *V8 Splash* juice beverages, *Pace* Mexican sauces, *Prego* Italian sauces, *Franco-American* canned pastas and gravies, *Swanson* broths, *Homepride* sauces in the United Kingdom, *Arnott's* biscuits in Australia, and *Godiva* chocolates worldwide. The company also owns dry soup and sauce businesses in Europe under the *Batchelors*, *Oxo*, *Lesieur*, *Royco*, *Liebig*, *Heisse Tasse*, *Blå Band,* and *McDonnells* brands.

Fellow Shareowners:

I am pleased to report that we have made substantial progress in this first year of our three-year Transformation Plan. The plan is designed to rebuild long-term shareowner wealth by re-energizing our brands and our people. It is the most comprehensive renewal effort in the 133-year history of Campbell Soup Company. As I explained in my first letter as CEO last year, this plan requires significant investment to build a sustainable growth profile.

In 2002, sales grew 6 percent to $6.1 billion, while net earnings declined 18 percent to $539 million, or $1.31 per share, excluding the costs associated with the Australian manufacturing reconfiguration. This reduction was driven by our decision to substantially increase our investment in marketing to reinvigorate our brands and in infrastructure to rebuild our company. Encouragingly, we made progress toward that goal on multiple fronts:

- We began to improve the quality of many of our market-leading products, notably in U.S. Soup, by leveraging improved consumer understanding and technical capabilities.
- We dramatically increased marketing investments to highly competitive levels for many of our core brands, resulting in solid volume growth.
- We ramped up our productivity profile, leveraging fresh thinking, new tools and techniques, and plenty of old-fashioned hard work.
- We added depth and breadth to our new product pipelines around the world, and we announced two acquisitions to strengthen our international growth prospects.
- We further strengthened our global leadership team to ensure both short-term and long-term success.

In short, we did what we said we would do. However, we are far from satisfied. We can and will do better.

1. Revitalize U.S. Soup.

Our highest priority is to revitalize our core U.S. Soup business. We have set in motion a comprehensive program to upgrade product quality, substantially increase marketing investment, accelerate product innovation, and improve sales execution. This program delivered a healthy 9 percent increase in our ready-to-serve soup portfolio, and we expect this momentum to continue. Our condensed soup portfolio declined 5 percent. We expect improved performance on condensed in fiscal 2003 and 2004, as we introduce significant product improvements and more convenient easy-to-open packaging.

>>

Letter to Shareowners

continued

"Change is well underway at Campbell. We are pleased with the first year of this change, but we still have much more to do to resume our winning ways ... and we will."

Doug Conant

>> Toward year end, we took a major step in delivering breakthrough soup forms by beginning the national launch of *Campbell's Soup at Hand,* the first sippable soup in its own microwaveable container in the U.S.

2. Strengthen the Broader Portfolio.

Beyond U.S. Soup, we have a strong portfolio of brands in growing categories and focused geographies that has responded positively to the increased resources in marketing and infrastructure.

We advanced our new North America Sauces and Beverages Division with a dedicated leadership team. Three of the division's core brands – *V8* vegetable juice, *Pace* Mexican sauces and *Prego* sauces – have delivered strong growth.

Our Biscuits and Confectionery businesses also responded to increased support. Pepperidge Farm and Arnotts delivered strong sales growth and gains in market share across many key segments. Even our Godiva business, which was adversely impacted by the events of September 11 and a slowing U.S. economy, delivered improved sales performance as we continued to invest in new stores around the world.

We delivered solid sales growth in our Canadian, Mexican and Latin American operations.

3. Begin to Build New Growth Avenues.

Over the past year, we completed the integration of the European dry soup and sauce brands we acquired in May 2001. Now, we are focusing on leveraging our more substantial European presence for improved growth.

To further augment our European effort, we have recently acquired Erin Foods, the #2 dry soup company in Ireland. In Australia, we have strengthened our presence in the snack market through the acquisition of Snack Foods Limited, the #2 salty snack company. Given our #1 position in biscuits with the *Arnott's* brand, we are now even more competitive in the broader snacking category.

To help foster greater organic growth, we created a new growth business unit with a charter to identify new opportunities that do not naturally fall within the scope of our existing business units.

4. Drive Quality and Productivity.

We have substantially improved our ability to create superior products by increasing research and development resources, and by introducing a comprehensive product quality tracking and improvement process across our top-selling 150 products. On the productivity side, we generated well over $100 million in savings in fiscal 2002, and we have targeted an even greater amount in fiscal 2003.

5. Improve Organization Excellence and Vitality.
Revitalizing our workforce is essential to the success of our Transformation Plan. By strengthening our functional capabilities, expanding the capacity of our business units, and improving the morale of our associates, we have galvanized our organization and attracted talented new leaders. To ensure that we stay on track, we have also implemented a systematic process to measure employee engagement and satisfaction.

Outlook

As we enter the second year of our Transformation Plan, our business is poised for growth, but not yet at the levels to which we aspire. We will continue to invest, for the long-term, in brand building, innovation, quality, and infrastructure.

We expect our soup business to achieve positive growth this year as we see more of our revitalization plan pay benefits. We also expect to see continued growth in our broader portfolio, including our Biscuits and Confectionery businesses. Capital spending will remain at a higher level as we continue to invest in our soup plants with new and enhanced technologies, and complete a new Pepperidge Farm bakery in Connecticut.

Change is well underway at Campbell. We are pleased with the first year of this change, but we still have much more to do to resume our winning ways ... and we will.

Sincerely,

Douglas R. Conant

Douglas R. Conant
President and Chief Executive Officer

Chairman's Message

In fiscal 2002, we completed the first year of our Transformation Plan. Clearly, we followed through with key investments necessary to lay the foundation for future success. Product improvements are creating consumer preference, brands are being strengthened, and stronger partnerships are being formed with our customers for mutually profitable growth. Importantly, additional emphasis is now being placed on strategic breakthroughs, of which *Campbell's Soup at Hand* is the first example.

The two strategic acquisitions in Ireland and Australia approved by the Board are consistent with our strategy to build our business in geographies and categories we know well. We continue to evaluate ways to leverage this strong cash flow to create shareholder value.

The Board visited the company's largest manufacturing facility in Napoleon, Ohio, to see firsthand the new technology being used to improve soup quality and to meet with local employees. We are making significant capital investments in our facilities and we will continue to monitor the results of these investments.

Campbell has been a leader in corporate governance, and the Board is reviewing the new requirements of the Sarbanes-Oxley Act and the proposed New York Stock Exchange corporate governance listing standards. Campbell already meets many of these requirements. The Board views these new laws as an opportunity to assess and strengthen our governance position.

In November 2002, Al App and Charlie Mott will retire from the Board, and we will miss them. Al has been a Director since 1986. His perspectives as a scientist and international executive have been valuable. Charlie has been a Director since 1990, and has served as co-chair of the Finance and Corporate Development Committee since 1997. He has been a highly effective leader in evaluating investment, finance, and pension issues. The nominees to succeed them are Randall W. Larrimore, President and CEO of United Stationers, Inc., and David C. Patterson, Chairman of Brandywine Trust Company. Randy brings outstanding leadership skills and many years' experience in the consumer goods industry. David brings important experience in the legal and investment management areas. I am confident Randy and David will be valuable additions to the Board.

Sincerely,

George M. Sherman

George M. Sherman
Chairman of the Board

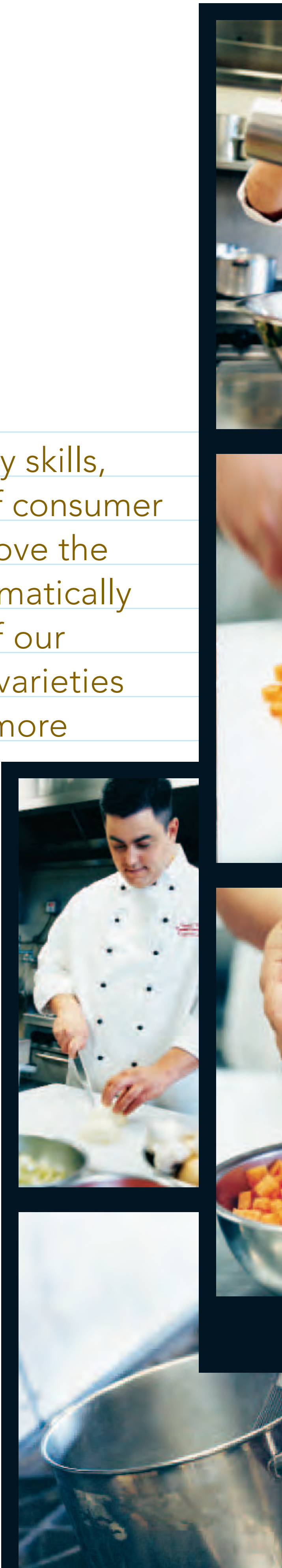
>>1 Revitalize U.S. Soup.

A better soup in every bowl

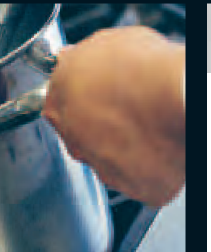
Our drive to delight consumers combines culinary skills, technological knowledge, deep understanding of consumer needs, and our unwavering commitment to improve the quality and value of *Campbell's* soups. We're dramatically enhancing the flavor, texture, and appearance of our soups. We're adding more ingredients and new varieties to win over more consumers. At the same time, more frequent advertising reinforces the pleasures of a bowl of *Campbell's* soup. The goal: to gain competitive advantage with all of our soups for a vast array of meal occasions.

A measurable difference

Over the next three years, our chefs will transform the very meaning of *M'm! M'm! Good!* with improvements to 80 percent of *Campbell's* **condensed soups**. This year, *Campbell's* condensed Vegetable soup will have more vegetables and *Campbell's* condensed Chicken with Rice soup will have more rice. Also on the horizon for our condensed soups are easy-open lids. We are working to make these soups the best they can be – and will spread the news through targeted advertising.



Campbell's
Campbell's



Sarah Hughes
Campbell's
CONDENSED
WIN INSTANTLY!
$25,000
Chicken Noodle
SOUP

Red, white, and gold

Capitalizing on our success as the official soup supplier to the 2002 Olympic Winter Games, we have partnered with U.S. women's figure skating Gold Medal-winner **Sarah Hughes**, who will serve as our new ambassador for *Campbell's Labels for Education* program. In addition to helping Campbell provide schools with valuable educational equipment, Hughes will also be featured on the label of *Campbell's* condensed Chicken Noodle soup, our #1 selling variety.

Campbell's
Labels for Education

Stirring new ideas

We connect with our consumers by encouraging them to add a personal touch that makes our soups their own. That's why we'll be promoting the power of personalization for our #2 selling soup, *Campbell's* condensed **Tomato** soup. Whether sour cream and scallions or cheese and salsa, these creative additions will make each bowl of tomato soup a new taste sensation.

***Goldfish* Crackers**
Add a little "character" – there's fun in every one!

Sour Cream and Scallions
Velvety smooth, just a little tart – this tempting addition should add the right zest.

Salsa
Make it mild or wild. This easy addition will wake up any weeknight dinner.

Seasonings
Add some robust flavor with basil, oregano or garlic – fresh or dried.

>> 1 | Revitalize U.S. Soup.

For moms who care

With sales nearly doubling over the past five years, we've accelerated our push behind *Campbell's* ***Chunky*** soups. New advertising features National Football League stars and their real-life moms, addressing hunger in their local communities. This year's *Chunky* spokespersons include Philadelphia Eagle Donovan McNabb and his mom, Wilma; Pittsburgh Steeler Jerome Bettis and his mom, Gladys; New York Giant Michael Strahan and his mom, Louise; and Chicago Bear Brian Urlacher and his mom, Lavoyda. Watch for the *Chunky Tackling Hunger* tour, which will visit all National Football League markets during the 2002 season.

Grand Central
Campbell's
CHUNKY
Soup That Eats Like A Meal.
EASY OPEN POP TOP
New England Clam Chowder

Take a behind-the-scene peek at our *Chunky* soup athletes and their moms as they film this season's commercials.

Campbell's
Select
Ready To Serve Soup
Italian-Style Wedding
Meatballs & Spinach in Chicken Broth

Simple pleasures

Campbell's ***Select*** ready-to-serve soups delivered their second straight year of double-digit sales growth in 2002. During the next three years, we'll build on our success by offering an even more competitive array of *Select* soups. Look for more compelling advertising and a bold new label for this brand, plus unique new flavors such as Beef with Portabello Mushrooms and Rice.

- Beef with Portabello Mushrooms and Rice
- Herbed Chicken with Roasted Potatoes
- Beef with Roasted Barley
- Rosemary Chicken with Roasted Potatoes

My Family
Campbell's SOUP
G
A
V
Campbell's
Cream of Mushroom SOUP
M'm! M'm! Good!
W
C
L
S
cat
dog
M
Campbell's
Great For Cooking
Cream of CHICKEN
Campbell's SOUPS
BRIANA

From Campbell's Kitchen to yours

For generations, the friendship between **Campbell's Kitchen** and America's home cooks has grown and strengthened. Almost 1.5 million cans of *Campbell's* soups are used as an ingredient to prepare dinner each day. In 2002, more than 21,000 of these home cooks told us they liked new, improved creamier *Campbell's* condensed Cream of Mushroom soup. As a result, we'll make two other cooking favorites creamier next year – *Campbell's* Cream of Chicken and Cream of Celery.

Soup at Hand

The soup for people on the go

New!
Campbell's
Soup at Hand
Cream of Broccoli
Creamy Chicken

A few words with **Diane Teer**,
Vice President – North America Soup Innovation

Q: What is *Campbell's Soup at Hand*?

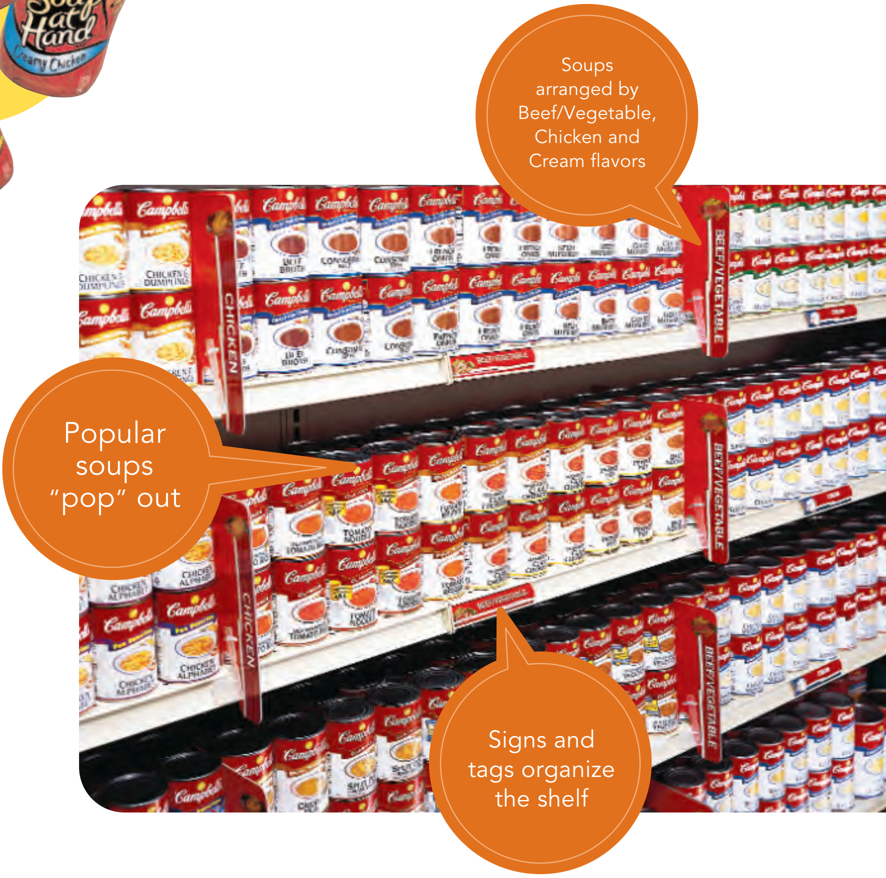
DT: It's a new, sippable soup that debuts nationally this year. Simply pop the top, microwave and enjoy. It fits perfectly in your hand or car cupholder, so you can have your soup almost anywhere.

Q: How good is it?

DT: Delicious, just like the *Campbell's* soups you already enjoy, except that smaller, blended ingredients make it easy to sip. To start, we've introduced four flavors: Classic Tomato, Creamy Chicken, Cream of Broccoli and Blended Vegetable Medley.

Q: Why is this a big idea?

DT: *Campbell's Soup at Hand* is absolutely on-trend! This product moves Campbell further into the fast-growing, $5 billion on-the-go food category. Fifty-nine percent of meals are rushed; 44 percent of women carry their lunch to work, and 34 percent of lunches are eaten on the run or skipped entirely. That's a lot of opportunity. In test marketing, over half of consumption took place outside the home, and nearly half of those who tried it made a repeat purchase. This means the availability of *Campbell's Soup at Hand* is driving new behavior, opening up new occasions for having delicious, hot soup.


Soups arranged by Beef/Vegetable, Chicken and Cream flavors
Popular soups "pop" out
Signs and tags organize the shelf
CHICKEN
BEEF/VEGETABLE

A smart approach to shelving

Campbell's **IQ Shelf** program is a smart, new approach to merchandising *Campbell's* soups on store shelves, helping consumers notice new varieties and find the soups they want – three to four times easier than before. We intend to have new smart shelving in approximately 13,000 supermarkets nationwide, as we reach out to customers with increased store coverage.

Soup innovators – (l. to r.) **Manuel Haro, Diana Peebles, Diane Teer** and **Tim Blankenbaker** launched *Campbell's Soup at Hand* in 2002.

>> 2 Strengthen the broader portfolio for consistent sales and earnings growth.

Investing in our brands, unleashing their power

Beyond U.S. Soup, our portfolio includes powerful brands such as *Prego* sauces, *V8* beverages, *Pace* Mexican sauces, *Pepperidge Farm* breads, cookies, and crackers, *Franco-American* pasta and gravies, *Arnott's* biscuits and snacks, and *Godiva* chocolate. All offer opportunities for growth in large, on-trend categories and segments, including health and nutrition, simple meals, and premium indulgent snacking. In 2002, we increased our investment and focus behind this portfolio, bolstering advertising and promotion, introducing new products, and enabling some of the world's best brands to begin to deliver stronger results.

Goldfish

Celebrating their 40th birthday in 2002, *Pepperidge Farm Goldfish* crackers are truly an American icon. Kids love *Goldfish* crackers because they are fun to eat. Moms like them because they're baked, not fried, and have no preservatives. This year, *Goldfish* continued its success as one of the three largest selling brands in the $3.3 billion U.S. cracker market. Strong advertising, new products, new packaging and greater in-store activity contributed to this performance. With a new push toward broader distribution, *Goldfish* will continue to "make waves" far and wide.

Variety: ***Goldfish* Colors**
Habitat: making a splash on grocery shelves across the U.S.
Characteristics: your favorite cheddar-flavored ***Goldfish*** in red, violet and orange

Variety: **Giant *Goldfish* Sandwich** crackers
Habitat: populates school lunch boxes
Characteristics: original crackers with cheese filling and cheddar-flavored crackers with peanut butter filling

Variety: **Baby *Goldfish***
Habitat: grasped in the hands of happy consumers
Characteristics: a little smaller, tasting of cheddar, irresistably cute

Variety: ***Goldfish* Crackers**
Habitat: found in 50 percent of households with children 12 and under
Characteristics: available in numerous forms and flavors, including cheddar, parmesan, pizza and pretzel

Variety: **Giant *Goldfish* Wheat** crackers
Habitat: frequently located next to a bowl of party dip
Characteristics: big, flat, toppable crackers with a super wheat taste

Fish Facts

America got its first taste of *Goldfish* in 1962

Goldfish crackers are sold in over 40 countries worldwide.

More than 85 billion *Goldfish* crackers are consumed each year

Over 3,000 *Goldfish* swim out of our bakeries every second.

Now *Goldfish* fun hits the road in the *Goldfish* Mobile. In 2002, this eye-popping fish-on-wheels visited more than 30 cities on a nationwide tour. For the tour schedule, visit the *Goldfish* website at **www.pfgoldfish.com**.

>>2 | Strengthen the broader portfolio for consistent sales and earnings growth.

Our successful **"Flirtation"** TV spot

Wow!

A smart drink shows its muscle

After a hiatus of several years, it's great to be back on the air with ***V8*** vegetable juice. Our new television advertising aimed at health-conscious consumers helped put our *V8* vegetable juice business back on track in 2002. This year, we will support the *V8* brand by expanding our successful advertising, launching an exciting *V8* promotion and introducing Lemon Twist *V8*. We're also renewing our efforts behind *V8 Splash* juice beverages. Following the introduction of *V8 Splash* Lemonades and convenient plastic packaging for 16-ounce single-serve *V8 Splash* products, we'll launch *V8 Splash* Smoothies, a line of smooth and fruity beverages with energizing nutrition. In addition, we've established a multi-year partnership with USA Swimming and the U.S. National Swim Team to reinforce the brand's refreshing and healthy image.

100% Natural
Prego
TRADITIONAL

Prego bakes up success

New **Prego** pasta bake sauce was a big success in 2002, fueling significant volume gains for the *Prego* brand. To contemporize our spaghetti sauce brand, we'll introduce new packaging and label designs and enhance support of our base *Prego* sauces with more competitive advertising.

What's up down under

Arnotts introduced low-fat *Rix* Rice potato chips and premium *Kettle* Sweet Potato chips in 2002. Arnotts also announced its intent to purchase Snack Foods Limited, Australia's #2 manufacturer of salty snacks. Coming up from Down Under – two new varieties of *Emporio* gourmet biscuits.

emporio
emporio
emporio
emporio
emporio

PEPPERIDGE FARM
FARMHOUSE
BREAD
Hearty White

"Never have an ordinary day"

Innovation, strong trademark campaigns, and distribution initiatives have driven substantial growth across all segments of **Pepperidge Farm**. Star additions included new varieties of *Farmhouse* bread, Giant *Goldfish* Sandwich crackers, Five Cheese Texas Toast, Raspberry *Milano* cookies, and single-serve varieties of cookies and crackers. Debuting this year: *Goldfish* Colors, *Farmhouse* Buttertop varieties and Oatmeal Brown Sugar *Swirl* bread.

MEDIUM
Pace
CHUNKY SALSA
All Natural
Est. 1947
MEDIUM

Pace takes historic trailride

In 2002, the **Pace** Mexican sauce brand reached back in its advertising history, introducing television spots loaded with Southwestern imagery and focused on the brand's heritage and high-quality ingredients. This strategy drove increased sales and volume growth across all channels. We'll take *Pace* advertising national in 2003, introduce a new Mexican sauce, and continue to support core markets "West of the Mississippi" with focused grassroots-marketing efforts.

Premier chocolatier

Godiva continued its quest to become the world's premier chocolatier, opening 33 new stores in 2002. In 2003, a new Nut & Chocolate collection will make its debut – along with a redesigned gold ballotin, featuring three new ganache chocolates.

>> 3 Build new growth avenues.

New ideas, new opportunities

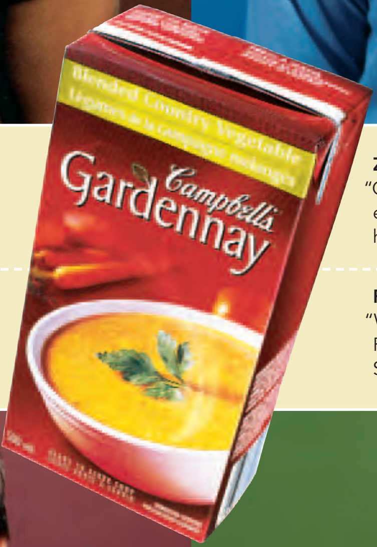
Offering fresh taste and added convenience, soups in aseptic packaging are becoming more popular worldwide, creating new opportunities for growth. In France, where we have the most extensive expertise in aseptic technology, our *Liebig* soups target a range of desirable segments. In Australia, *Velish* vegetable soups lead the aseptic market. And in Canada, our newest introduction of *Gardennay* aseptic soups brings restaurant quality to Canadian consumers who desire smoother blended soup.

Liebig
Soup
Erasco
Tomaten Cremesuppe
Liebig
PurSoup
Mouliné
Batchelors
Cup a Soup
Royco
Minute Soup
Tomates Tomato
Heisse Tasse
Velish
OXO

Avenue for growth

In Europe, instant dry soups are the most popular form of soup, growing at 5 percent per year. By acquiring leading dry soup brands, we've increased our market share in Europe by 50 percent and gained new access to millions of consumers. This year, we completed the integration of brands such as *Batchelors* and *Oxo* in the United Kingdom, *Royco* in France and Belgium, *Heisse Tasse* in Germany, *Blå Band* in Sweden, and *McDonnells* in Ireland. We also announced our agreement to acquire Erin Foods, a leading manufacturer of dry soups in Ireland.

Michelle Dobbyn, Marketing, Canada
"We chose the name *Gardennay* because it had appetite appeal for both French- and English-speaking Canadian consumers."


Blended Country Vegetable
Légumes de la Campagne mélangés
Campbell's
Gardennay

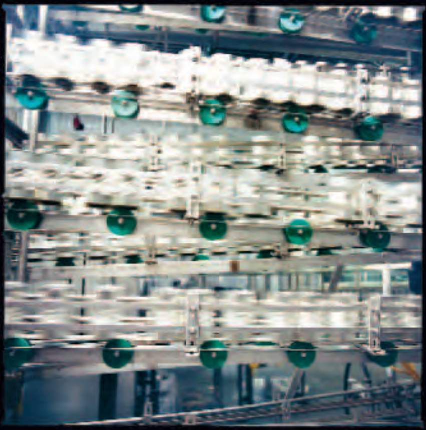
Zahir Kassam, Consumer Insights, Canada
"Consumers tell us *Gardennay* embodies exceptional taste, vegetable goodness, and high quality."

Al Brezina, Supply Chain, Canada
"Aseptic technology produces extraordinary taste and is a building block for future product innovation."

Raewyn Hill, Research & Development, Australia
"We benchmarked successes in Australia and France to create delicious flavors like Butternut Squash and Blended Country Vegetable."

NP2800
NP2800 6

NP2800
NP2800 5
NP2800 4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NP2800
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CHUNKY
NP2800 9

WAREHOUSE
STOP
NP2800 010
NP2800 8
NP2800 7

NP2800
NP2800 18

NP2800
NP2800 17
NP2800 16

NP2800 010
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NP2800 13

>> 4 Drive a quality agenda while continuing to drive productivity.

A new way to cook, a new way to work

Improving product quality while at the same time improving productivity is essential. In 2002, we made substantial progress on both sides of this equation, strengthening research and development and creating a global supply chain that leverages our scale. We are also changing our manufacturing processes for soup and believe that these processes will make *Campbell's* soups the preferred choice of more and more consumers. Our plans, however, go far beyond soup, as we begin to set higher quality standards across our entire portfolio.

Working smart

Using advanced technology, new formulations, and innovative ideas, we're redefining how we work in manufacturing plants like **Napoleon, Ohio**, pictured on the opposite page. Our new approach to soup manufacturing is already driving superior marketplace results for *Campbell's Select* soups and *Campbell's Chunky* soups, and we expect it will have a major impact on our condensed soups as well.

Firmer pasta
Enhanced color and flavor
Improved taste

The cold blend revolution

Cold blend processing enables us to uniquely deliver truer flavors, tastier ingredients, and brighter, clearer, more delicious broth to our consumers. Cold blend technology, combined with additional processing technology upgrades, is fundamental to our efforts to reinvigorate U.S. Soup and offers a quantum leap in quality that will be difficult for our competitors to match.

>> 5 Improve organization excellence and vitality.

Investing in, and tapping the power of, our people

Organization renewal at Campbell moved into high gear in 2002. While we stepped up efforts to attract and develop the best talent in the industry, we also introduced a "matrix organization" that enables us to leverage our skills and share best practices worldwide. At the same time, we are upgrading our resources and improving work environments, ensuring that our people have the tools they need to win in the workplace and in the marketplace.

In 2002, we:

- Continued strengthening our leaders by fashioning a company **leadership model** that values integrity, motivation, and a "can do" mindset.
- Launched **The Campbell Vision**, including a unifying, company-wide pledge to work together to achieve extraordinary results.
- Initiated a continuing series of **employee satisfaction surveys**, providing fresh insight on how to make working at Campbell a more productive and rewarding experience for our employees.
- Introduced **Campbell's Camp de Cuisine** – an immersion experience for our business school recruits about our company, our consumers, and our rich culinary history, including hands-on time in the kitchen preparing the same meals consumers have cooked and cherished for years.

M'm! M'm! Good!
PEPPERIDGE FARM
DENVER, PA

The Campbell Vision

Together we will do extraordinary things in the workplace and in the marketplace

The Campbell Way

Together we will...

>> Delight our consumers

>> Build the world's greatest brands

>> Deliver the highest imaginable quality

>> Drive the lowest imaginable cost

>> Develop the best imaginable team

>> Produce the most extraordinary results

Financial Review

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

Results of Operations

Overview Net earnings for 2002 were $525 million ($1.28 per share). (All earnings per share amounts included in Management's Discussion and Analysis are presented on a diluted basis.) In 2002, net earnings declined 19% and earnings per share declined 17%. The 2002 results included costs of $20 million pre-tax ($.03 per share) associated with the Australian manufacturing reconfiguration which commenced in 2001. Pre-tax costs of $19 million were classified as Cost of products sold and $1 million as a Restructuring charge. The 2001 results included a restructuring charge and related costs of approximately $15 million pre-tax ($.03 per share) associated with the manufacturing reconfiguration. Pre-tax charges of $10 million were classified as a Restructuring charge and $5 million were classified as Cost of products sold. Net earnings in 2001 also include an approximate $.03 per share dilutive impact from the European soup and sauce brands acquisition. Excluding the impact of the costs associated with the manufacturing reconfiguration, net earnings in 2002 declined 18% and earnings per share declined 17%. The earnings decline was primarily related to planned increases in marketing and infrastructure investments across major businesses, partially offset by lower interest expense.

Certain reclassifications were made to the financial statements to comply with new accounting standards. In the first quarter of 2002, the company adopted EITF Issue No. 00-14 "Accounting for Certain Sales Incentives" and Issue No. 00-25 "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products," as codified by Issue No. 01-9 "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products." Under these Issues, the EITF concluded that certain consumer and trade 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. The adoption of these new accounting standards in 2002 resulted in the following reclassifications to the annual results for 2001 and 2000: Net sales were reduced by $893 million and $840 million, respectively; Cost of products sold was reduced by $14 million and $19 million, respectively; and Marketing and selling expenses were reduced by $879 million and $821 million, respectively. These reclassifications had no impact on net earnings.

Sales Sales increased 6% in 2002 to $6.1 billion from $5.8 billion. The increase in sales was due to a 4% increase from the European acquisition which was completed in May 2001, a 2% increase due to volume and mix, a 1% increase due to higher selling prices, offset by a 1% decline due to increased trade promotion and consumer coupon redemption expenses. Worldwide wet soup volume increased 1% from 2001.

Sales in 2001 increased 3% to $5.8 billion from $5.6 billion. The increase was attributed to a 4% increase due to volume and mix, a 1% increase from higher selling prices, a 1% increase from the acquisition, offset by a 1% decrease due to increased trade promotion and consumer coupon redemption expenses and a 2% decrease due to currency. Worldwide wet soup volume increased 5% from 2000.

An analysis of net sales by segment follows:

				% Change	
(millions)	**2002**	2001	2000	2002/ 2001	2001/ 2000
North America Soup and Away From Home	**$ 2,524**	$ 2,532	$ 2,434	—	4
North America Sauces and Beverages	**1,182**	1,161	1,156	2	—
Biscuits and Confectionery	**1,507**	1,446	1,391	4	4
International Soup and Sauces	**920**	632	622	46	2
Other	**—**	—	23	—	—
	$ 6,133	$ 5,771	$ 5,626	6	3

Sales in 2002 from North America Soup and Away From Home were flat with 2001. Volume and mix increased 1% from the prior year, offset by an increase in trade promotion and consumer coupon redemption expenses. U.S. wet soup volume increased 1%. Ready-to-serve volume increased 9% behind the double-digit volume gains in *Campbell's Chunky* and *Campbell's Select* soups. This sales growth was driven by new varieties, quality improvements, and increased advertising. *Swanson* broth volume increased 4%. Condensed soup volume declined 5%. Canada reported sales growth in all businesses, particularly soup, in response to increased marketing. Away From Home sales slightly increased over the prior year led by solid soup sales performance, which offset a decline in lower margin bakery and frozen entrée sales.

The 4% increase in sales from North America Soup and Away From Home in 2001 versus 2000 was due to the following: 6% increase from volume and mix, offset by a 1% increase in trade promotion and consumer coupon redemption expenses, and a 1% decline due to currency. Soup volume in the U.S. increased 6% over the prior year based on the performance of condensed Chicken Noodle, Tomato and Cream of Mushroom, ready-to-serve varieties such as *Campbell's Chunky* and *Campbell's Select* and the introduction of *Campbell's* ready-to-serve classics. Canada and Away From Home also contributed to volume growth.

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The 2% increase in sales from North America Sauces and Beverages in 2002 versus 2001 was due to a 3% increase in volume and mix, offset by a 1% reduction due to higher trade promotion and consumer coupon redemption expenses. The volume growth resulted from the performance of *Prego* pasta bake sauces, which were introduced in the fourth quarter of 2001, *Pace* Mexican sauces, *V8* vegetable juices and the Mexican business. These volume gains were partially offset by continued declines in *Franco-American* canned pasta and *V8 Splash*.

Sales from North America Sauces and Beverages were relatively flat in 2001 compared to 2000. *Franco-American* products and *V8 Splash* experienced sales declines in highly competitive categories. Sales of *Prego* sauce and *Pace* salsa increased modestly.

Sales from Biscuits and Confectionery increased 4% in 2002 due to a 4% increase in volume and mix, a 1% increase from higher selling prices, offset by a 1% decline from currency, primarily the Australian dollar. Pepperidge Farm contributed to the sales growth with new products, including the introduction of *Dessert Bliss* cookies and *Goldfish* Sandwich crackers, and increased distribution. Arnotts in Australia reported volume gains due to increases in value-added products in the snack foods category, such as *Rix* Rice chips and *Kettle* chips. *Tim Tams* biscuit sales also increased significantly. Godiva sales rose slightly, as new store openings worldwide offset lower same store sales in North America in the aftermath of September 11th.

Sales from Biscuits and Confectionery increased 4% in 2001 versus 2000 due to a 9% increase from volume and mix, a 1% increase from higher selling prices, offset by a 5% decline from currency, primarily the Australian dollar, and a 1% decrease due to increased trade promotion and consumer coupon redemption expenses. The entire portfolio contributed to the volume gains. Pepperidge Farm cookies, crackers, fresh bread and frozen products all demonstrated improvements in sales volume. *Arnott's Tim Tams, Shapes* and *Kettle* chips contributed to the growth in sales. Godiva reported a double-digit increase in sales due to new store openings and increased comparable store sales.

International Soup and Sauces reported a 46% increase in sales in 2002 due primarily to a 44% increase from the European acquisition, which was completed in the fourth quarter of 2001, and a 2% increase from currency. The base business in Europe declined slightly as weakness in United Kingdom soup and sauces was partially offset by gains in soup sales in Belgium and France. Asia Pacific sales grew robustly due to continued growth in Australian soup and broth.

International Soup and Sauces reported a 2% increase in sales in 2001 versus 2000 due primarily to the European acquisition, which was completed in the fourth quarter 2001.

The decline in sales from Other in 2001 versus 2000 was due to the divestiture of MacFarms in April 2000.

Gross Margin Gross margin, defined as Net sales less Cost of products sold, increased by $51 million in 2002 due to the increase in sales. As a percent of sales, gross margin was 43.9% in 2002, 45.7% in 2001, and 45.1% in 2000. The percentage decline in 2002 was due mainly to the continuing mix shift in U.S. soup towards ready-to-serve products, the cost of quality improvements across a number of products, and costs associated with the Australian manufacturing reconfiguration. The improvement in gross margin percentage in 2001 from 2000 was due to cost productivity programs and favorable sales mix.

Marketing and Selling Expenses Marketing and selling expenses as a percent of sales were 17.4% in 2002, 15.4% in 2001, and 14.2% in 2000. In 2002, Marketing and selling expenses increased approximately 21% from 2001, 16% excluding the impact of the European acquisition. The increase in 2002 was due primarily to the planned increases in advertising investments across the portfolio, particularly in U.S. soup and sauces, and selling infrastructure investments. The increase in 2001 was due to an increase in advertising behind core U.S. brands, principally U. S. soup, and incremental selling costs associated with new store openings in the Godiva Chocolatier business.

General and Administrative Expenses Administrative expenses as a percent of sales increased to 6.9% in 2002 from 6.4% in 2001 due to costs associated with infrastructure investments and higher compensation costs. In 2001, Administrative expenses increased to 6.4% of Net sales from 5.7% in 2000 due to higher compensation costs and costs associated with infrastructure enhancements.

Research and development expenses increased $14 million or 22% in 2002 from 2001 due to costs associated with quality improvement initiatives and new product development.

Other expenses increased 21% in 2002 due primarily to increased amortization expense associated with the European acquisition. Other expenses increased in 2001 as compared to 2000 primarily due to higher stock-based incentive compensation costs and slightly higher amortization expense.

Operating Earnings Segment operating earnings, both as reported and excluding the costs associated with the Australian manufacturing strategy, declined 14% in 2002 from 2001.

Segment operating earnings in 2001 were relatively flat as compared with 2000, excluding the costs associated with the Australian manufacturing strategy and before the impact of currency. Operating earnings as reported declined 2% in 2001 compared to 2000.

An analysis of operating earnings by segment follows:

				% Change	
(millions)	**2002**[1]	2001[1]	2000	2002/ 2001	2001/ 2000
North America Soup and Away From Home	**$ 624**	$ 774	$ 768	(19)	1
North America Sauces and Beverages	**236**	295	309	(20)	(5)
Biscuits and Confectionery	**175**	197	206	(11)	(4)
International Soup and Sauces	**92**	51	64	80	(20)
	1,127	1,317	1,347	(14)	(2)
Corporate	**(143)**	(123)	(82)		
	$ 984	$ 1,194	$ 1,265		

[1] Contributions to earnings by the Biscuits and Confectionery segment include the effect of pre-tax costs of $20 million in 2002 and $15 million in 2001 associated with the Australian manufacturing reconfiguration strategy.

Earnings from North America Soup and Away From Home decreased 19% in 2002 from 2001 due to planned increases in trade and consumer promotion expenses, advertising expenses, infrastructure investments and costs of quality improvements. The promotion and advertising investments were focused on ready-to-serve products, including *Campbell's Chunky* and *Campbell's Select,* and the new *Campbell's Supper Bakes.*

Earnings from North America Soup and Away From Home increased 1% in 2001 from 2000 due to sales volume growth partially offset by increased marketing investments.

Earnings from North America Sauces and Beverages declined 20% in 2002 from 2001 primarily due to a significant increase in marketing investments, principally on *Prego* pasta bake sauces, *Pace* and *V8* vegetable juices.

Earnings from North America Sauces and Beverages declined 5% in 2001 from 2000 primarily due to increased marketing investments.

In 2002, earnings from Biscuits and Confectionery decreased 11% as reported, 8% excluding the impact of the Australian manufacturing reconfiguration costs. The decline was due to increased marketing investments across the portfolio and a decline in earnings from Godiva, partially offset by increased sales in Pepperidge Farm and Arnotts.

In 2001, earnings from Biscuits and Confectionery increased 8% before the impact of currency and excluding the impact of the Australian manufacturing reconfiguration costs. Reported earnings increased 3% before the impact of Australian manufacturing reconfiguration costs. The increase was due to higher sales volume across the portfolio.

The 80% increase in 2002 earnings from International Soup and Sauces was due to the European acquisition. Excluding the acquisition, earnings declined significantly due to lower sales in the United Kingdom soup and sauces business and planned increases in marketing across the portfolio.

The 20% decline in 2001 earnings from International Soup and Sauces was primarily due to costs associated with the integration of the European acquisition.

Corporate expenses increased in 2002 due principally to planned infrastructure investments and higher compensation costs.

Corporate expenses increased in 2001 primarily due to an increase in incentive compensation costs and costs associated with infrastructure enhancements.

Nonoperating Items Interest expense decreased 13% in 2002 from 2001. Higher interest expense due to increased average debt levels following the fourth quarter 2001 European acquisition was more than offset by a steep decline in short-term rates.

Interest expense increased 11% in 2001 from 2000 due to higher debt balances resulting from the financing of the acquisition of European soup and sauce brands and capital share repurchases, partially offset by lower average interest rates.

The effective tax rate was 34.2% in both 2002 and 2001. The 2000 effective tax rate was 33.7%. The 2000 rate was favorably impacted by a lower effective rate on foreign earnings, primarily driven by a reduction in the Australian statutory rate.

Restructuring Program A restructuring charge of $10 million ($7 million after tax) was recorded in the fourth quarter 2001 for severance costs associated with the reconfiguration of the manufacturing network of Arnotts in Australia. In the second quarter of 2002, the company recorded an additional $1 million restructuring charge related to planned severance actions. Related costs of approximately $19 million ($13 million

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after tax) and $5 million ($4 million after tax) were recorded in 2002 and 2001, respectively, as Cost of products sold, primarily representing accelerated depreciation on assets to be taken out of service. This program was designed to drive greater manufacturing efficiency resulting from the closure of the Melbourne plant. Approximately 550 jobs were eliminated due to the plant closure. Remaining spending under this program primarily relates to severance payments. As a result of this reconfiguration, the company expects annual pre-tax cost savings of approximately $10 million, a portion of which will be realized in 2003.

See Note 4 to the Consolidated Financial Statements for further discussion of this program.

Liquidity and Capital Resources

Net cash flows from operating activities provided $1 billion in 2002, compared to $1.1 billion in 2001. The decrease was primarily due to lower net earnings resulting from planned increases in marketing and infrastructure investments. Net cash flows from operations in 2001 decreased to $1.1 billion from $1.2 billion in 2000 due primarily to lower net earnings. Over the last three years, operating cash flows totaled over $3 billion. This cash generating capability provides the company with substantial financial flexibility in meeting its operating and investing needs.

Capital expenditures were $269 million in 2002, $200 million in 2001 and 2000. Capital expenditures are projected to be approximately $285 million in 2003. The increase in 2002 was due to planned process improvements, product quality enhancements, the Australian plant reconfiguration, and the construction of the new Pepperidge Farm bakery in Connecticut.

Businesses acquired in 2001 represented the purchase of the European soup and sauce brands in May 2001. The acquisition spending in 2002 represented a purchase price adjustment related to the European acquisition.

In 2000, sale of businesses represented the divestiture of MacFarms.

Long-term borrowings in 2002 were the result of a series of debt issuances throughout the year. In September 2001, the company issued $300 million seven-year 5.875% fixed-rate notes. The proceeds were used to repay short-term borrowings. While planning for the issuance of these notes, the company entered into interest rate swaps with a notional value of approximately $138 million that effectively fixed a portion of the interest rate on the debt prior to issuance. These contracts were settled at a loss of approximately $4 million upon issuance of the notes. This loss is being amortized over the life of the notes. In conjunction with the issuance of these notes, the company also entered into a $75 million seven-year interest rate swap that converts fixed-rate debt to variable.

In October 2001, the company issued $300 million two-year variable-rate notes. The proceeds were also used to repay short-term borrowings. In connection with this issuance, the company entered into a $300 million two-year interest rate swap that converts the variable-rate debt to fixed.

On November 23, 2001, the company redeemed $100 million 5.625% fixed-rate notes due in September 2003. The notes were callable at par. This redemption was financed with lower rate commercial paper.

On December 11, 2001, the company issued an additional $200 million of its existing 6.75% fixed-rate notes due February 2011, originally issued in February 2001. These additional notes were priced at a premium to reflect market conditions. The proceeds were used to repay short-term borrowings.

In January 2002, the company repaid $300 million of variable-rate notes due December 2003. The notes were repaid with lower cost short-term borrowings.

On March 19, 2002, the company issued $300 million five-year 5.50% fixed-rate notes. The proceeds were used to repay $228 million variable-rate notes due in December 2003 and short-term borrowings. In connection with this issuance, the company entered into a five-year interest rate swap that converts $100 million of the fixed-rate debt to variable.

In June 2002, the company filed a $1 billion shelf registration statement with the Securities and Exchange Commission to use for future offerings of debt securities. Under the registration statement, the company may issue debt securities from time to time, depending on market conditions. The company intends to use the proceeds to repay short-term debt, to reduce or retire other indebtedness or for other general corporate purposes. In 2001, the company filed a shelf registration statement with the Securities and Exchange Commission for $1 billion of debt, bringing total capacity available under registration statements to $1.1 billion. This shelf registration was depleted in 2002.

Long-term borrowings completed in 2001 included both a three-year floating rate loan, which funded the purchase of 11 million shares under forward stock purchase contracts for approximately $521 million in December 2000, and the issuance of $500 million 6.75% fixed-rate notes due February 2011. The company also entered into ten-year interest rate swap contracts with a notional value of $250 million in connection with the issuance of the 6.75% fixed-rate notes. The proceeds of the 6.75% notes were used primarily to repay short-term borrowings. There were no new long-term borrowings in 2000.

Dividend payments decreased to $286 million in 2002, compared to $374 million in 2001, due to the reduction of the dividend per share. Dividends declared in 2002 totaled $0.63 per share and in 2001 and 2000 totaled $0.90 per share. The 2002 fourth quarter rate was $0.1575 per share. The expected annual dividend rate for 2003 is $0.63.

Capital stock repurchases totaled two hundred thousand shares at a cost of $5 million during 2002, compared to 14.3 million shares at a cost of $618 million during 2001 and repurchases of 10.7 million shares at a cost of $394 million in 2000. In 2001, the strategic share repurchase plan was suspended. The company expects to continue to repurchase shares to offset the impact of dilution from shares issued under incentive stock compensation plans.

Total shareowners' equity (deficit) on a book basis increased in 2002 to $(114) million from $(247) million in 2001. In 2002, shareowners' equity (deficit) includes a minimum liability of $208 million, net of tax, related to the company's principal U.S. pension plan. Following the stock market declines in June and July 2002, the fair value of the assets included in the pension fund fell below the accumulated benefit obligation. As required under accounting principles generally accepted in the United States, the company recognized the additional minimum liability and reclassified an existing pension asset to equity. Although this non-cash adjustment did not impact the 2002 operating results, pension expense is expected to increase in 2003 primarily due to the lower fair value of pension assets and a reduction in the estimated return on plan assets. See also Note 8 to the Consolidated Financial Statements.

The company believes that foreseeable liquidity and capital resource requirements are expected to be met through anticipated cash flows from operations, management of working capital, long-term borrowings under its shelf registration, and short-term borrowings, including commercial paper. The company believes that its sources of financing are adequate to meet its liquidity and capital resource requirements. The cost and terms of any future financing arrangements depend on the market conditions and the company's financial position at that time.

The following table represents significant long-term cash obligations:

	Contractual Payments Due by Fiscal Year				
(US$ equivalents in millions)	Total	2003	2004-2006	2007-2008	Thereafter
Debt Obligations*	$ 3,645	$ 1,196	$ 602	$ 605	$ 1,242
Purchase Commitments**	2,781	540	1,333	788	120
Operating Leases	251	54	109	53	35
Total Long-term Cash Obligations	$ 6,677	$ 1,790	$ 2,044	$ 1,446	$ 1,397

* Includes capital lease obligations totaling $9 million

** Represents certain long-term supply and service agreements

At July 28, 2002, the company had $1,196 million of notes payable due within one year and $45 million of standby letters of credit issued on behalf of the company. The company maintains $1.8 billion of committed revolving credit facilities, which remain unused at July 28, 2002, except for the $45 million of standby letters of credit. The company is in compliance with the covenants contained in its revolving credit facilities and debt securities.

The company enters into other commitments, such as operating lease commitments, surety bonds, and long-term purchase arrangements, in the ordinary course of business. Operating leases are primarily entered into for warehouse and office facilities, retail store space, and certain equipment. Purchase commitments relate to the procurement of ingredients, supplies, machinery and equipment and services. These commitments are not expected to have a material impact on liquidity.

The company guarantees approximately $74 million of bank loans to Pepperidge Farm independent sales distributors, which are secured by their distribution routes that are purchased from the company.

In September 2002, the company entered into a $900 million committed 364-day revolving credit facility, which replaced an existing facility that matured in September 2002. The company also has a $900 million revolving credit facility that matures in September 2006. These agreements support the company's commercial paper program.

The company has financial resources available, including lines of credit totaling approximately $2 billion, and has ready access to financial markets around the world. The pre-tax interest coverage ratio was 5.2 for 2002 compared to 5.4 for 2001 and 6.2 for 2000.

Inflation

Inflation during recent years has not had a significant effect on the company. The company mitigates the effects of inflation by aggressively pursuing cost productivity initiatives, including global procurement strategies and making capital investments that improve the efficiency of operations.

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Market Risk Sensitivity

The principal market risks to which the company is exposed are changes in interest rates and foreign currency exchange rates. In addition, the company is exposed to equity price changes related to certain employee compensation obligations. The company manages its exposure to changes in interest rates by optimizing the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps in order to maintain its variable-to-total debt ratio within targeted guidelines. International operations, which accounted for approximately 29% of 2002 net sales, are concentrated principally in Australia, Canada, France, Germany and the United Kingdom. The company manages its foreign currency exposures by borrowing in various foreign currencies and utilizing cross-currency swaps, forward contracts, and options. Swaps and forward contracts are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures. The company does not enter into contracts for speculative purposes and does not use leveraged instruments.

The company principally uses a combination of purchase orders and various short- and long-term supply arrangements in connection with the purchase of raw materials, including certain commodities and agricultural products. On occasion, the company may also enter into commodity futures contracts, as considered appropriate, to reduce the volatility of price fluctuations for commodities such as corn, soybean meal and cocoa. At July 28, 2002 and July 29, 2001, the notional values and unrealized gains or losses on commodity futures contracts held by the company were not material.

The information below summarizes the company's market risks associated with debt obligations and other significant financial instruments as of July 28, 2002. Fair values included herein have been determined based on quoted market prices. The information presented below should be read in conjunction with Notes 16 and 18 to the Consolidated Financial Statements.

The table below presents principal cash flows and related interest rates by fiscal year of maturity for debt obligations. Variable interest rates disclosed represent the weighted-average rates of the portfolio at the period end. Notional amounts and related interest rates of interest rate swaps are presented by fiscal year of maturity. For the swaps, variable rates are the average forward rates for the term of each contract.

Expected Fiscal Year of Maturity

(US$ equivalents in millions)	2003	2004	2005	2006	2007	Thereafter	Total	Fair Value
Debt								
Fixed rate	$ 301	$ 300	$ 1	$ 1	$ 605	$ 1,242	$ 2,450	$ 2,652
Weighted average interest rate	6.16%	4.76%	9.00%	9.00%	6.20%	6.90%	6.37%	
Variable rate	$ 895	$ 300					$ 1,195	$ 1,195
Weighted average interest rate	2.52%	2.29%					2.46%	
Interest Rate Swaps								
Fixed to variable					$ 100[2]	$ 325[3]	$ 425	$ 31
Average pay rate					4.12%	5.39%	5.09%	
Average receive rate					5.50%	6.55%	6.30%	
Variable to fixed		$ 300[1]					$ 300	$ (4)
Average pay rate		3.74%					3.74%	
Average receive rate		2.63%					2.63%	

[1] Hedges variable-rate notes due in 2004.

[2] Hedges 5.50% notes due in 2007.

[3] Hedges $75 million of 5.875% notes and $250 million of 6.75% notes, respectively, due in 2009 and 2011.

As of July 29, 2001, fixed-rate debt of approximately $1.7 billion with an average interest rate of 6.51% and variable-rate debt of approximately $2.3 billion with an average interest rate of 4.43% were outstanding. At July 29, 2001, the company had swapped $250 million of fixed-rate debt to variable. The average rate received on these swaps was 6.75% and the average rate paid was 6.47%.

The company is exposed to foreign exchange risk related to its international operations, including non-functional currency intercompany debt and net investments in subsidiaries.

The table below summarizes the cross-currency swaps outstanding as of July 28, 2002, which hedge such exposures. The notional amount of each currency and the related weighted-average forward interest rate are presented in the Cross-Currency Swaps table.

Cross-Currency Swaps

(US$ equivalents in millions)	Expiration	Interest Rate	Notional Value	Fair Value
Pay fixed SEK	2003	5.72%	$ 29	$ (2)
Receive fixed USD		4.03%		
Pay fixed SEK	2005	5.78%	$ 47	$ (2)
Receive fixed USD		5.25%		
Pay fixed EUR	2007	5.46%	$ 200	$ (19)
Receive fixed USD		5.75%		
Pay fixed GBP	2011	5.97%	$ 200	$ (14)
Receive fixed USD		6.08%		

The cross-currency contract outstanding at July 29, 2001 represented a pay variable FrF/ receive variable US$ contract with a notional value of $110 million. This contract was canceled in 2002. The aggregate fair value of the contract was $25 million as of July 29, 2001.

The company is also exposed to foreign exchange risk as a result of transactions in currencies other than the functional currency of certain subsidiaries, including subsidiary debt. The company utilizes foreign currency forward purchase and sale contracts to hedge these exposures. The table below summarizes the foreign currency forward contracts outstanding and the related weighted-average contract exchange rates as of July 28, 2002.

Forward Exchange Contracts

(US$ equivalents in millions)	Contract Amount	Average Contractual Exchange Rate
Receive USD / Pay GBP	$ 229	0.67
Receive USD / Pay EUR	$ 207	1.03
Receive CAD / Pay USD	$ 74	0.63
Receive GBP / Pay USD	$ 28	1.57
Receive USD / Pay SEK	$ 20	9.24
Receive AUD / Pay NZD	$ 18	1.20
Receive USD / Pay CAD	$ 18	1.56
Receive JPY / Pay USD	$ 9	0.01
Receive EUR / Pay GBP	$ 9	0.62
Receive EUR / Pay USD	$ 9	0.90
Receive USD / Pay JPY	$ 6	124.67
Receive EUR / Pay SEK	$ 5	9.44

The company had an additional $5 million in a number of smaller contracts to purchase or sell various other currencies, such as the Australian dollar, British pound, Canadian dollar, euro and New Zealand dollar, as of July 28, 2002. The aggregate fair value of all contracts was $(7) million as of July 28, 2002. Total forward exchange contracts outstanding as of July 29, 2001 were $880 million with a fair value of $(7) million.

The company had swap contracts outstanding as of July 28, 2002, which hedge a portion of exposures relating to certain employee compensation liabilities linked to the total return of the Standard & Poor's 500 Index or to the total return of the company's capital stock. Under these contracts, the company pays variable interest rates and receives from the counterparty either the Standard & Poor's 500 Index total return or the total return on company capital stock. The notional value of the contracts that are linked to the return on the Standard & Poor's 500 Index was $21 million at July 28, 2002 and $28 million at July 29, 2001. The average forward interest rate applicable to the contract, which expires in 2003, was 2.22% at July 28, 2002. The notional value of the contract that is linked to the total return on company capital stock was $32 million at both July 28, 2002 and July 29, 2001. The average forward interest rate applicable to this contract, which expires in 2003, was 2.07% at July 28, 2002. The net cost to settle these contracts was $22 million at July 28, 2002 and $17 million at July 29, 2001. Gains and losses on the contracts, which offset gains and losses on the underlying employee compensation obligations, are recorded in Other expenses.

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

Significant Accounting Estimates

The consolidated financial statements of the company are prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. See Note 1 to Consolidated Financial Statements for a discussion of significant accounting policies. The following areas all require the use of subjective or complex judgments, estimates and assumptions:

Trade and consumer promotion expenses – The company offers various sales incentive programs to customers and consumers, such as cooperative advertising programs, feature price discounts, in-store display incentives and coupons. The recognition of expense for these programs involves use

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of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors. Actual expenses may differ if the level of redemption rates and performance vary from estimates.

Valuation of long-lived assets – Long-lived assets, including fixed assets and intangibles, are reviewed for impairment as events or changes in circumstances occur indicating that the carrying amount of the asset may not be recoverable. An estimate of undiscounted cash flows produced by the asset, or the appropriate group of assets, is compared to the carrying value to determine whether impairment exists. The estimates of future cash flows involve considerable management judgment and are based upon assumptions about expected future operating performance. Assumptions used in these forecasts are consistent with internal planning. The actual cash flows could differ from management's estimates due to changes in business conditions, operating performance, and economic conditions.

Pension and postretirement medical benefits – The company provides certain pension and postretirement benefits to employees and retirees. Determining the cost associated with such benefits is dependent on various actuarial assumptions, including discount rates, expected return on plan assets, compensation increases, turnover rates and health care trend rates. Independent actuaries, in accordance with accounting principles generally accepted in the United States, perform the required calculations to determine expense. Actual results that differ from the actuarial assumptions are generally accumulated and amortized over future periods.

Income taxes – The effective tax rate and the tax bases of assets and liabilities reflect management's estimate of the ultimate outcome of various tax audits and issues. In addition, valuation allowances are established for deferred tax assets where the amount of expected future taxable income from operations does not support the realization of the asset.

Recently Issued Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141 "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets." In addition to requiring that all business combinations be accounted for under the purchase method, SFAS No. 141 requires intangible assets that meet certain criteria to be recognized as assets apart from goodwill. The provisions of SFAS No. 142 indicate that goodwill and indefinite life intangible assets should no longer be amortized, but rather be tested for impairment annually. Intangible assets with a finite life shall continue to be amortized over the estimated useful life. SFAS No. 141 was effective for business combinations initiated after June 30, 2001. The company will adopt SFAS No. 142 in 2003. The elimination of amortization is to be applied on a prospective basis and prior periods are not to be restated. However, the impact of amortization of goodwill and indefinite life intangible assets is to be disclosed for prior periods.

The company is currently evaluating the impact of SFAS No. 142. With the adoption of SFAS No. 142, the company will use the new criteria to assess whether goodwill and certain other intangible assets are impaired. Any impairment charge resulting from the initial impairment assessment will be recorded as a cumulative effect of an accounting change. The company estimates that the cumulative effect of adopting this standard will result in a non-cash charge of approximately $45 million on a pre-tax basis in 2003. In addition, the adoption of this standard is expected to benefit net earnings by approximately $55 million in reduced amortization of goodwill and indefinite-lived intangible assets.

In June 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations." This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement is effective for fiscal years beginning after June 15, 2002. The company is currently evaluating the impact of this Statement, but does not expect the adoption to have a material impact on the financial statements.

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business. The provisions of this Statement are effective for fiscal years beginning after December 15, 2001. The company is currently evaluating the impact of this Statement, but does not expect the adoption to have a material impact on the financial statements.

In July 2002, the FASB issued SFAS No. 146 "Accounting for Exit or Disposal Activities." The provisions of this

Statement are effective for disposal activities initiated after December 31, 2002, with early application encouraged. The company is currently evaluating the impact of this Statement.

Recent Developments

On June 4, 2002, the company announced that its Australian subsidiary, Arnott's Biscuits Holdings Pty Ltd ("Arnott's Holdings"), had agreed to acquire all of the shares of Snack Foods Limited, a leader in the Australian salty snack category ("Snack Foods"), for approximately $145 million. In August 2002, Arnott's Holdings completed the acquisition of approximately 98% of the outstanding shares of Snack Foods. Arnott's Holdings completed the acquisition of the remaining approximate 2% of Snack Foods shares on September 20, 2002.

On September 20, 2002, the company also completed the purchase of Erin Foods, the number two dry soup manufacturer in Ireland.

Earnings Outlook

On September 5, 2002, the company issued a press release announcing results for 2002 and commented on the outlook for earnings per share for the first quarter and full year for 2003.

Cautionary Factors That May Affect Future Results

This 2002 Annual Report contains "forward-looking" statements that reflect the company's current expectations regarding future results of operations, economic performance, financial condition and achievements of the company. The company tries, wherever possible, to identify these forward-looking statements by using words such as "anticipate," "believe," "estimate," "expect," "will" and similar expressions in conjunction with, among other things, discussions of the company's "Transformation Plan." One can also identify them by the fact that they do not relate strictly to historical or current facts. 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 regarding future events and estimates which could be inaccurate and which are inherently 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 the 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 company's ability to achieve the goals of its "Transformation Plan";
- the impact of strong competitive response to the company's efforts to leverage its brand power with product innovation, promotional programs and new advertising, and of changes in consumer demand for the company's products;
- the risks in the marketplace associated with trade and consumer acceptance of product improvements and new product introductions;
- the company's ability to achieve sales and earnings forecasts, which are based on assumptions about sales volume and product mix and the impact of increased marketing investments;
- the company's ability to realize forecasted cost savings, including the projected outcome of global supply chain management programs;
- the difficulty of predicting the pattern of inventory movements by the company's trade customers;
- the impact of unforeseen economic changes in currency exchange rates, interest rates, equity markets, inflation rates, recession and other external factors over which the company has no control, including the possibility of increased pension expense and contributions resulting from continued decline in stock market returns; and
- the impact of unforeseen business disruptions in one or more of the company's markets due to political instability, civil disobedience, armed hostilities or other calamities.

This discussion of uncertainties is by no means exhaustive but is designed to highlight important factors that may impact the company's outlook. The company disclaims any obligation or intent to update forward-looking statements made by the company in order to reflect new information, events or circumstances after the date they are made.

Consolidated Statements of Earnings

(millions, except per share amounts)

	2002	2001	2000
Net Sales	**$ 6,133**	$ 5,771	$ 5,626
Costs and expenses			
Cost of products sold	**3,443**	3,132	3,088
Marketing and selling expenses	**1,069**	886	801
Administrative expenses	**421**	372	319
Research and development expenses	**77**	63	64
Other expenses (Note 5)	**138**	114	89
Restructuring charges (Note 4)	**1**	10	—
Total costs and expenses	**5,149**	4,577	4,361
Earnings Before Interest and Taxes	**984**	1,194	1,265
Interest expense (Note 6)	**190**	219	198
Interest income	**4**	12	10
Earnings before taxes	**798**	987	1,077
Taxes on earnings (Note 9)	**273**	338	363
Net Earnings	**$ 525**	$ 649	$ 714
Per Share – Basic			
Net Earnings	**$ 1.28**	$ 1.57	$ 1.68
Weighted average shares outstanding – basic	**410**	414	425
Per Share – Assuming Dilution			
Net Earnings	**$ 1.28**	$ 1.55	$ 1.65
Weighted average shares outstanding – assuming dilution	**411**	418	432

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(millions, except per share amounts)

	July 28, 2002	July 29, 2001
Current Assets		
Cash and cash equivalents	**$ 21**	$ 24
Accounts receivable (Note 10)	**417**	442
Inventories (Note 11)	**638**	597
Other current assets (Note 12)	**123**	140
Total current assets	**1,199**	1,203
Plant Assets, Net of Depreciation (Note 13)	**1,684**	1,637
Intangible Assets, Net of Amortization (Note 14)	**2,503**	2,451
Other Assets (Note 15)	**335**	636
Total assets	**$ 5,721**	$ 5,927
Current Liabilities		
Notes payable (Note 16)	**$ 1,196**	$ 1,806
Payable to suppliers and others	**681**	582
Accrued liabilities	**503**	450
Dividend payable	**65**	92
Accrued income taxes	**233**	190
Total current liabilities	**2,678**	3,120
Long-term Debt (Note 16)	**2,449**	2,243
Nonpension Postretirement Benefits (Note 8)	**319**	336
Other Liabilities (Note 17)	**389**	475
Total liabilities	**5,835**	6,174
Shareowners' Equity (Deficit) (Note 19)		
Preferred stock; authorized 40 shares; none issued	**—**	—
Capital stock, $.0375 par value; authorized 560 shares; issued 542 shares	**20**	20
Capital surplus	**320**	314
Earnings retained in the business	**4,918**	4,651
Capital stock in treasury, 132 shares in 2002 and 133 shares in 2001, at cost	**(4,891)**	(4,908)
Accumulated other comprehensive loss	**(481)**	(324)
Total shareowners' equity (deficit)	**(114)**	(247)
Total liabilities and shareowners' equity (deficit)	**$ 5,721**	$ 5,927

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(millions)

	2002	2001	2000
Cash Flows from Operating Activities:			
Net earnings	**$ 525**	$ 649	$ 714
Non-cash charges to net earnings			
Restructuring charges	**—**	10	—
Depreciation and amortization	**319**	266	251
Deferred taxes	**5**	4	17
Other, net	**53**	38	20
Changes in working capital			
Accounts receivable	**40**	(11)	90
Inventories	**(30)**	(1)	23
Other current assets and liabilities	**105**	151	50
Net Cash Provided by Operating Activities	**1,017**	1,106	1,165
Cash Flows from Investing Activities:			
Purchases of plant assets	**(269)**	(200)	(200)
Sales of plant assets	**5**	8	7
Businesses acquired	**(15)**	(911)	—
Sales of businesses	**3**	—	11
Other, net	**(12)**	(19)	(22)
Net Cash Used in Investing Activities	**(288)**	(1,122)	(204)
Cash Flows from Financing Activities:			
Long-term borrowings	**1,100**	1,028	—
Repayments of long-term borrowings	**(628)**	—	(7)
Short-term borrowings	**776**	1,962	1,028
Repayments of short-term borrowings	**(1,691)**	(2,007)	(1,206)
Dividends paid	**(286)**	(374)	(384)
Treasury stock purchases	**(5)**	(618)	(394)
Treasury stock issuances	**14**	24	20
Other, net	**(6)**	—	—
Net Cash Provided by (Used in) Financing Activities	**(726)**	15	(943)
Effect of Exchange Rate Changes on Cash	**(6)**	(2)	3
Net Change in Cash and Cash Equivalents	**(3)**	(3)	21
Cash and Cash Equivalents – Beginning of Year	**24**	27	6
Cash and Cash Equivalents – End of Year	**$ 21**	$ 24	$ 27

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Shareowners' Equity (Deficit)

(millions, except per share amounts)

	Capital Stock							
	Issued		In Treasury					
	Shares	Amount	Shares	Amount	Capital Surplus	Earnings Retained in the Business	Accumulated Other Comprehensive Income (Loss)	Total Shareowners' Equity (Deficit)
Balance at August 1, 1999	542	$ 20	(113)	$ (4,058)	$ 382	$ 4,041	$ (150)	$ 235
Comprehensive income (loss)								
Net earnings						714		714
Foreign currency translation adjustments							(77)	(77)
Other comprehensive loss							(77)	(77)
Total Comprehensive income								637
Dividends ($.90 per share)						(382)		(382)
Treasury stock purchased			(11)	(394)				(394)
Treasury stock issued under management incentive and stock option plans			3	79	(38)			41
Balance at July 30, 2000	542	20	(121)	(4,373)	344	4,373	(227)	137
Comprehensive income (loss)								
Net earnings						649		649
Foreign currency translation adjustments							(97)	(97)
Other comprehensive loss							(97)	(97)
Total Comprehensive income								552
Dividends ($.90 per share)						(371)		(371)
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	83	(30)			53
Balance at July 29, 2001	542	20	(133)	(4,908)	314	4,651	(324)	(247)
Comprehensive income (loss)								
Net earnings						**525**		**525**
Foreign currency translation adjustments							**49**	**49**
Cash-flow hedges, net of tax							**2**	**2**
Minimum pension liability, net of tax							**(208)**	**(208)**
Other comprehensive loss							**(157)**	**(157)**
Total Comprehensive income								**368**
Dividends ($.63 per share)						**(258)**		**(258)**
Treasury stock purchased			**—**	**(5)**				**(5)**
Treasury stock issued under management incentive and stock option plans			**1**	**22**	**6**			**28**
Balance at July 28, 2002	**542**	**$ 20**	**(132)**	**$ (4,891)**	**$ 320**	**$ 4,918**	**$ (481)**	**$ (114)**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

(dollars in millions, except per share amounts)

1. Summary of Significant Accounting Policies

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

Fiscal Year The company's fiscal year ends on the Sunday nearest July 31. There were 52 weeks in 2002, 2001 and 2000. There will be 53 weeks in 2003.

Revenue Recognition Revenues are recognized when the earnings process is complete. This occurs when products are shipped in accordance with terms of agreements, title and risk of loss transfer to customers, collection is probable and pricing is fixed or determinable.

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

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

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

Depreciation Depreciation provided in Costs and expenses is calculated using the straight-line method over the estimated useful lives of the assets. Buildings and machinery and equipment are depreciated over periods not exceeding 45 years and 15 years, respectively.

Long-lived Assets Long-lived assets are comprised of intangible assets and property, plant and equipment. Intangible assets consist principally of the excess purchase price over net assets of businesses acquired and trademarks. Intangibles are amortized on a straight-line basis over periods not exceeding 40 years. Long-lived assets are reviewed for impairment as events or changes in circumstances occur indicating that the carrying amount of the asset may not be recoverable. An estimate of undiscounted future cash flows produced by the asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether an impairment exists. See Recently Issued Accounting Pronouncements for the accounting for intangible assets in 2003.

Derivative Financial Instruments The company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates, foreign currency exchange rates and equity-linked employee benefit obligations. Beginning in 2001, all derivatives are accounted for in accordance with Statement of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivatives and Hedging Activities," as amended by SFAS No. 137 and No. 138. All derivatives are recognized 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. Gains or losses on derivative instruments reported in other comprehensive income are reclassified to earnings in the period in which earnings are affected by the underlying hedged item. The ineffective portion of all hedges is recognized in earnings in the current period. The cumulative effect of adopting SFAS No. 133 was not material to the company's consolidated financial statements.

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

Income Taxes Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

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

In September 2000, the Financial Accounting Standards Board's Emerging Issues Task Force (EITF) 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 consensus was effective in the fourth quarter 2001. Shipping and handling costs of approximately $207 in 2001 and $199 in 2000 were reclassified from Net sales to Cost of products sold. The reclassifications had no impact on net earnings or earnings per share.

In the first quarter 2002, the company adopted EITF Issue No. 00-14 "Accounting for Certain Sales Incentives" and Issue No. 00-25 "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products," as codified by Issue No. 01-9 "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products." 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. The adoption of these new accounting standards in 2002 resulted in the following reclassifications to the annual results for 2001 and 2000: Net sales were reduced by $893 and $840, respectively; Cost of products sold was reduced by $14 and $19, respectively; and Marketing and selling expenses were reduced by $879 and $821, respectively. These reclassifications had no impact on net earnings.

Recently Issued Accounting Pronouncements In July 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141 "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets." In addition to requiring that all business combinations be accounted for under the purchase method, SFAS No. 141 requires intangible assets that meet certain criteria to be recognized as assets apart from goodwill. The provisions of SFAS No. 142 indicate that goodwill and indefinite life intangible assets should no longer be amortized, but rather be tested for impairment annually. Intangible assets with a finite life shall continue to be amortized over the estimated useful life. SFAS No. 141 was effective for business combinations initiated after June 30, 2001. The company will adopt SFAS No. 142 in 2003. The elimination of amortization is to be applied on a prospective basis and prior periods are not to be restated. However, the impact of amortization of goodwill and indefinite life intangible assets is to be disclosed for prior periods.

The company is currently evaluating the impact of SFAS No. 142. With the adoption of SFAS No. 142, the company will use the new criteria to assess whether goodwill and certain other intangible assets are impaired. Any impairment charge resulting from the initial impairment assessment will be recorded as a cumulative effect of an accounting change. The company estimates that the cumulative effect of adopting this standard will result in a non-cash charge of approximately $45 on a pre-tax basis in 2003. In addition, the adoption of this standard is expected to benefit net earnings by approximately $55 in reduced amortization of goodwill and indefinite-lived intangible assets.

In June 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations." This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement is effective for fiscal years beginning after June 15, 2002. The company is currently evaluating the impact of this Statement, but does not expect the adoption to have a material impact on the financial statements.

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business. The provisions of this Statement are effective for fiscal years beginning after December 15, 2001. The company is currently evaluating the impact of this Statement, but does not expect the adoption to have a material impact on the financial statements.

In July 2002, the FASB issued SFAS No. 146 "Accounting for Exit or Disposal Activities." The provisions of this Statement are effective for disposal activities initiated after December 31, 2002, with early application encouraged. The company is currently evaluating the impact of this Statement.

2. Comprehensive Income

Total comprehensive income is comprised of net earnings, net foreign currency translation adjustments, minimum pension liability adjustments (see Note 8), and net unrealized gains and losses on cash-flow hedges. Total comprehensive income for the twelve months ended July 28, 2002, July 29, 2001 and July 30, 2000 was $368, $552, and $637, respectively.

Notes to Consolidated Financial Statements

(dollars in millions, except per share amounts)

The components of Accumulated other comprehensive loss, as reflected in the Statements of Shareowners' Equity (Deficit), consisted of the following:

	2002	2001
Foreign currency translation adjustments	**$ (275)**	$ (324)
Cash-flow hedges, net of tax	**2**	—
Minimum pension liability, net of tax*	**(208)**	—
Total Accumulated other comprehensive loss	**$ (481)**	$ (324)

* Includes a tax benefit of $119.

The net gain on cash-flow hedges was not material at July 29, 2001.

3. Business and Geographic Segment Information

Campbell Soup Company, together with its consolidated subsidiaries, is a global manufacturer and marketer of high quality, branded convenience food products. Through 2001, the company was organized and reported the results of operations in three business segments: Soup and Sauces, Biscuits and Confectionery, and Away From Home.

Beginning in 2002, the company changed its organizational structure such that operations are managed and reported in four segments: North America Soup and Away From Home, North America Sauces and Beverages, Biscuits and Confectionery, and International Soup and Sauces. Segment financial information has been modified for all periods in order to conform to the new structure. In addition, Net sales reflect the reclassifications related to the adoption of new accounting standards as discussed in Note 1.

The North America Soup and Away From Home segment comprises the retail soup and Away From Home business in the U.S. and Canada. The U.S. retail business includes the *Campbell's* brand condensed and ready-to-serve soups and *Swanson* broths. The segment includes the company's total business in Canada, which comprises the *Habitant* and *Campbell's* soups, *Prego* pasta sauce and *V8* juices. The Away From Home operations represent the distribution of products such as *Campbell's* soups, *Campbell's* specialty entrees, beverage products, other prepared foods and *Pepperidge Farm* products through various food service channels. The North America Sauces and Beverages segment includes *Prego* pasta sauces, *Pace* Mexican sauces, *Franco-American* canned pastas and gravies, *V8* vegetable juices, *V8 Splash* juice beverages, *Campbell's* tomato juice and the total of all businesses in Mexico and other Latin American countries. The Biscuits and Confectionery segment includes *Pepperidge Farm* cookies, crackers, breads and frozen products in North America, *Arnott's* biscuits and crackers in Australia and Asia Pacific and *Godiva* chocolates worldwide. The International Soup and Sauces segment comprises operations outside of North America, including *Erasco* and *Heisse Tasse* soups in Germany, *Liebig* and *Royco* soups and *Lesieur* sauces in France, *Campbell's* and *Batchelors* soups, *Oxo* stock cubes and *Homepride* sauces in the United Kingdom, *Devos Lemmens* mayonnaise and cold sauces, and *Campbell's* and *Royco* soups in Belgium, and *Blå Band* and *McDonnells* soups in Sweden and Ireland, respectively. In Asia Pacific, operations include *Campbell's* soups and stock and *Swanson* broths across the region.

Accounting policies for measuring segment assets and earnings before interest and taxes are substantially consistent with those described in Note 1. The company evaluates segment performance before interest and taxes, excluding certain non-recurring charges. The North America Soup and Away From Home and North America Sauces and Beverages segments operate under an integrated supply chain organization, sharing substantially all manufacturing, warehouse, distribution and sales activities. Accordingly, assets have been allocated between the two segments based on various measures, for example, budgeted production hours for fixed assets and depreciation.

The company's largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 12% of consolidated net sales during 2002. All of the company's segments sold products to Wal-Mart Stores, Inc. and its affiliates.

Information about operations by business segment, reflecting the reclassifications described in Note 1, is as follows:

Business Segments

2002	Net Sales	Earnings Before Interest and Taxes[3]	Depreciation and Amortization	Capital Expen-ditures	Segment Assets
North America Soup and Away From Home	**$ 2,524**	**$ 624**	**$ 71**	**$ 75**	**$ 1,263**
North America Sauces and Beverages	**1,182**	**236**	**60**	**47**	**1,228**
Biscuits and Confectionery	**1,507**	**175**	**101**	**100**	**1,276**
International Soup and Sauces	**920**	**92**	**55**	**28**	**1,632**
Corporate and Eliminations[1]	**—**	**(143)**	**32**	**19**	**322**
Total	**$ 6,133**	**$ 984**	**$ 319**	**$ 269**	**$ 5,721**

2001	Net Sales[2]	Earnings Before Interest and Taxes[3]	Depreciation and Amortization	Capital Expen-ditures	Segment Assets
North America Soup and Away From Home	$ 2,532	$ 774	$ 67	$ 59	$ 1,248
North America Sauces and Beverages	1,161	295	53	33	1,243
Biscuits and Confectionery	1,446	197	87	77	1,249
International Soup and Sauces	632	51	32	21	1,519
Corporate and Eliminations[1]	—	(123)	27	10	668
Total	$ 5,771	$ 1,194	$ 266	$ 200	$ 5,927

2000	Net Sales[2]	Earnings Before Interest and Taxes	Depreciation and Amortization	Capital Expen-ditures	Segment Assets
North America Soup and Away From Home	$ 2,434	$ 768	$ 67	$ 63	$ 1,302
North America Sauces and Beverages	1,156	309	52	34	1,281
Biscuits and Confectionery	1,391	206	83	63	1,366
International Soup and Sauces	622	64	24	26	593
Other	23	—	—	—	—
Corporate and Eliminations[1]	—	(82)	25	14	654
Total	$ 5,626	$ 1,265	$ 251	$ 200	$ 5,196

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

[2] In the fourth quarter of 2001, the company adopted new guidance on the classification of shipping and handling costs. Shipping and handling costs of $207 and $199 for 2001 and 2000, respectively, were reclassified from Net sales to Cost of products sold. In the first quarter of 2002, the company adopted new accounting standards related to the income statement classification of certain consumer and trade sales promotion expenses, such as coupon redemption costs, cooperative advertising programs and in-store display incentives. As a result, the reclassifications, recorded in 2002, reduced Net sales by $893 and $840 for 2001 and 2000, respectively. See Note 1 for further discussion.

[3] Contributions to earnings before interest and taxes by the Biscuits and Confectionery segment include the effect of costs of $20 in 2002, and $15 in 2001 associated with the Australian manufacturing reconfiguration.

Geographic Area Information

Information about operations in different geographic areas is as follows:

Net sales[1]	**2002**	2001	2000
United States	**$ 4,339**	$ 4,313	$ 4,179
Europe	**843**	558	526
Australia/Asia Pacific	**554**	517	561
Other countries	**502**	455	426
Adjustments and eliminations	**(105)**	(72)	(66)
Consolidated	**$ 6,133**	$ 5,771	$ 5,626

Earnings before interest and taxes	**2002**	2001	2000
United States	**$ 913**	$ 1,137	$ 1,135
Europe	**92**	53	55
Australia/Asia Pacific	**41**	46	72
Other countries	**81**	81	85
Segment earnings before interest and taxes	**1,127**	1,317	1,347
Unallocated corporate expenses	**(143)**	(123)	(82)
Consolidated	**$ 984**	$ 1,194	$ 1,265

Identifiable assets	**2002**	2001	2000
United States	**$ 2,797**	$ 2,737	$ 2,792
Europe	**1,586**	1,472	533
Australia/Asia Pacific	**725**	717	852
Other countries	**288**	293	315
Corporate	**325**	708	704
Consolidated	**$ 5,721**	$ 5,927	$ 5,196

[1] In the fourth quarter of 2001, the company adopted new guidance on the classification of shipping and handling costs. Shipping and handling costs of $207 and $199 for 2001 and 2000, respectively, were reclassified from Net sales to Cost of products sold. In the first quarter of 2002, the company adopted new accounting standards related to the income statement classification of certain consumer and trade sales promotion expenses, such as coupon redemption costs, cooperative advertising programs and in-store display incentives. As a result, the reclassifications, recorded in 2002, reduced Net sales by $893 and $840 for 2001 and 2000, respectively. See Note 1 for further discussion.

Transfers between geographic areas are recorded at cost plus markup or at market. Identifiable assets are those assets, including goodwill, which are identified with the operations in each geographic region. The restructuring charges in 2002 and 2001 were allocated to Australia/Asia Pacific.

Notes to Consolidated Financial Statements

(dollars in millions, except per share amounts)

4. Restructuring Program

A restructuring charge of $10 ($7 after tax) was recorded in the fourth quarter 2001 for severance costs associated with the reconfiguration of the manufacturing network of Arnotts in Australia. In the second quarter 2002, the company recorded an additional $1 restructuring charge related to planned severance actions. Related costs of approximately $19 ($13 after tax) in 2002 and $5 ($4 after tax) in 2001 were recorded as Cost of products sold, primarily representing accelerated depreciation on assets to be taken out of service. This program was designed to drive greater manufacturing efficiency resulting from the closure of the Melbourne plant. Approximately 550 jobs were eliminated due to the plant closure.

A summary of restructuring reserves at July 28, 2002 and related activity is as follows:

	Accrued Balance at July 29, 2001	2002 Charge	Spending	Accrued Balance at July 28, 2002
Severance pay and benefits	$ 10	1	(7)	$ 4

5. Other Expenses

	2002	2001	2000
Stock price related incentive programs	**$ 39**	$ 36	$ 26
Amortization of intangible and other assets	**78**	57	55
Minority interest	**—**	3	1
Other, net	**21**	18	7
	$ 138	$ 114	$ 89

6. Interest Expense

	2002	2001	2000
Interest expense	**$ 191**	$ 222	$ 204
Less: Interest capitalized	**1**	3	6
	$ 190	$ 219	$ 198

7. Acquisitions

In May 2001, the company acquired the assets of the European culinary brands business, comprised of several soup and sauce businesses, from Unilever, PLC/Unilever N.V. for approximately $920. The acquisition was financed with available cash and commercial paper borrowings. This acquisition was accounted for as a purchase transaction, and operations of the acquired business are included in the financial statements from May 4, 2001, the date the acquisition was consummated. The purchase price was allocated as follows: approximately $100 to fixed assets and inventory; approximately $490 to trademarks and other identifiable intangible assets; and approximately $330 to the excess of the purchase price over net assets acquired (goodwill). Goodwill and trademarks were being amortized on a straight-line basis over 40 years. An additional purchase price adjustment of $15 was paid in 2002 related to inventory.

Had the acquisition occurred at the beginning of 2000, based on unaudited data, net sales for 2001 and 2000 would have increased approximately $300 and $400, respectively, and net earnings would have decreased $2 in 2001 and $7 in 2000. Basic and diluted earnings per share would have decreased $.01 and $.02 in 2001 and 2000, respectively. These pro forma estimates factor in certain adjustments, including amortization of goodwill, additional depreciation expense, increased interest expense on debt related to the acquisition, and related income tax effects. The pro forma results do not include any synergies expected to result from the acquisition.

8. Pension and Postretirement Benefits

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

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

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

Components of net periodic benefit cost:

Pension	**2002**	2001	2000
Service cost	**$ 36**	$ 35	$ 37
Interest cost	**109**	106	103
Expected return on plan assets	**(159)**	(158)	(150)
Amortization of net transition obligation	**—**	(1)	(3)
Amortization of prior service cost	**6**	5	5
Recognized net actuarial loss	**4**	1	6
Curtailment	**—**	—	1
Net periodic pension income	**$ (4)**	$ (12)	$ (1)

Postretirement	**2002**	2001	2000
Service cost	**$ 5**	$ 3	$ 5
Interest cost	**21**	20	18
Amortization of prior service cost	**(14)**	(12)	(11)
Amortization of net gain	**—**	(7)	(12)
Settlement	**—**	—	(3)
Net periodic postretirement (income) expense	**$ 12**	$ 4	$ (3)

Change in benefit obligation:

	Pension		**Postretirement**	
	2002	2001	**2002**	2001
Obligation at beginning of year	**$ 1,522**	$ 1,428	**$ 338**	$ 260
Acquisition adjustment	**—**	23	**—**	—
Service cost	**36**	35	**5**	3
Interest cost	**109**	106	**21**	20
Plan amendments	**6**	—	**(16)**	—
Actuarial loss	**117**	60	**21**	86
Settlement	**—**	—	**—**	(1)
Benefits paid	**(123)**	(122)	**(29)**	(30)
Foreign currency adjustment	**2**	(8)	**—**	—
Benefit obligation at end of year	**$ 1,669**	$ 1,522	**$ 340**	$ 338

Change in the fair value of pension plan assets:

	2002	2001
Fair value at beginning of year	**$ 1,644**	$ 1,846
Acquisition adjustment	**—**	23
Actual return on plan assets	**(159)**	(97)
Employer contributions	**8**	—
Benefits paid	**(118)**	(118)
Foreign currency adjustment	**2**	(10)
Fair value at end of year	**$ 1,377**	$ 1,644

Funded status as recognized in the Consolidated Balance Sheet:

	Pension		**Postretirement**	
	2002	2001	**2002**	2001
Funded status at end of year	**$ (292)**	$ 122	**$ (340)**	$ (338)
Unrecognized prior service cost	**57**	54	**(33)**	(32)
Unrecognized loss	**644**	220	**36**	15
Net amount recognized	**$ 409**	$ 396	**$ (337)**	$ (355)

Amounts recognized in the Consolidated Balance Sheet:

Pension	**2002**	2001
Prepaid benefit cost	**$ 51**	$ 396
Intangible asset	**31**	—
Accumulated other comprehensive loss	**327**	—
Net amount recognized	**$ 409**	$ 396

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $1,144, $1,048 and $864, respectively, as of July 28, 2002.

The current portion of nonpension postretirement benefits included in Accrued liabilities was $19 at July 28, 2002 and July 29, 2001.

Pension

Weighted-average assumptions at end of year:

	2002	2001	2000
Discount rate for benefit obligation	**6.90%**	7.25%	7.75%
Expected return on plan assets	**9.30%**	10.00%	10.50%
Rate of compensation increases	**4.50%**	4.50%	4.50%

Notes to Consolidated Financial Statements

(dollars in millions, except per share amounts)

Postretirement

The discount rate used to determine the accumulated postretirement benefit obligation was 7.00% in 2002 and 7.25% in 2001. The assumed health care cost trend rate used to measure the accumulated postretirement benefit obligation was 8%, declining to 4.50% in 2007 and continuing at 4.50% thereafter.

A one percentage point change in assumed health care costs would have the following effects on 2002 reported amounts:

	Increase	Decrease
Effect on service and interest cost	$ 2	$ (2)
Effect on the 2002 accumulated benefit obligation	$ 12	$ (12)

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

Savings Plan The company sponsors employee savings plans which cover substantially all U.S. employees. After one year of continuous service, the company generally matches 50% of employee contributions up to 5% of compensation. Amounts charged to Costs and expenses were $13 in 2002, $11 in 2001, and $10 in 2000.

9. Taxes on Earnings

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

	2002	2001	2000
Income taxes:			
Currently payable			
Federal	**$ 201**	$ 254	$ 246
State	**19**	29	30
Non-U.S.	**48**	51	70
	268	334	346
Deferred			
Federal	**7**	13	36
State	**—**	(1)	(4)
Non-U.S.	**(2)**	(8)	(15)
	5	4	17
	$ 273	$ 338	$ 363
Earnings before income taxes:			
United States	**$ 685**	$ 835	$ 880
Non-U.S.	**113**	152	197
	$ 798	$ 987	$ 1,077

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

	2002	2001	2000
Federal statutory income tax rate	**35.0%**	35.0%	35.0%
State income taxes (net of federal tax benefit)	**1.6**	1.5	1.5
Non-U.S. earnings taxed at other than federal statutory rate	**(0.1)**	(0.9)	(1.0)
Tax loss carryforwards	**(0.4)**	(0.3)	(0.3)
Other	**(1.9)**	(1.1)	(1.5)
Effective income tax rate	**34.2%**	34.2%	33.7%

Deferred tax liabilities and assets are comprised of the following:

	2002	2001
Depreciation	**$ 154**	$ 160
Pensions	**10**	125
Other	**238**	216
Deferred tax liabilities	**402**	501
Benefits and compensation	**195**	197
Tax loss carryforwards	**12**	12
Other	**103**	95
Gross deferred tax assets	**310**	304
Deferred tax asset valuation allowance	**(10)**	(12)
Net deferred tax assets	**300**	292
Net deferred tax liability	**$ 102**	$ 209

At July 28, 2002, non-U.S. subsidiaries of the company have tax loss carryforwards of approximately $34. Of these carryforwards, $2 expire through 2007 and $32 may be carried forward indefinitely. The current statutory tax rates in these countries range from 28% to 40%.

U.S. income taxes have not been provided on undistributed earnings of non-U.S. subsidiaries of approximately $578, which are deemed to be permanently invested. If remitted, tax credits or planning strategies should substantially offset any resulting tax liability.

10. Accounts Receivable

	2002	2001
Customers	**$ 431**	$ 441
Allowances for cash discounts and bad debts	**(36)**	(28)
	395	413
Other	**22**	29
	$ 417	$ 442

11. Inventories

	2002	2001
Raw materials, containers and supplies	$ 231	$ 216
Finished products	407	381
	$ 638	$ 597

Approximately 60% of inventory in 2002 and 61% in 2001 is accounted for on the last in, first out method of determining cost. If the first in, first out inventory valuation method had been used exclusively, inventories would not differ materially from the amounts reported at July 28, 2002 and July 29, 2001.

12. Other Current Assets

	2002	2001
Deferred taxes	$ 86	$ 94
Other	37	46
	$ 123	$ 140

13. Plant Assets

	2002	2001
Land	$ 53	$ 50
Buildings	868	840
Machinery and equipment	2,482	2,354
Projects in progress	230	133
	3,633	3,377
Accumulated depreciation	(1,949)	(1,740)
	$ 1,684	$ 1,637

Depreciation expense provided in Costs and expenses was $241 in 2002, $209 in 2001, and $196 in 2000. Approximately $159 of capital expenditures are required to complete projects in progress at July 28, 2002.

14. Intangible Assets

	2002	2001
Purchase price in excess of net assets of businesses acquired (goodwill)	$ 1,881	$ 1,856
Trademarks	993	890
Other intangibles	16	11
	2,890	2,757
Accumulated amortization	(387)	(306)
	$ 2,503	$ 2,451

15. Other Assets

	2002	2001
Prepaid pension benefit cost	$ 51	$ 396
Intangible pension asset	31	—
Investments	203	215
Other	50	25
	$ 335	$ 636

16. Notes Payable and Long-term Debt

Notes payable consists of the following:

	2002	2001
Commercial paper	$ 886	$ 1,789
Current portion of Long-term Debt	301	6
Variable-rate bank borrowings	9	11
	$ 1,196	$ 1,806

Commercial paper had a weighted average interest rate of 2.54% and 4.38% at July 28, 2002 and July 29, 2001, respectively.

The current portion of Long-term Debt had a weighted average interest rate of 6.16% and 5.79% at July 28, 2002 and July 29, 2001, respectively.

The company has short-term lines of credit of approximately $1,982 at July 28, 2002. These lines of credit include two committed lines of credit totaling $1,800 which support commercial paper borrowings and remain unused at July 28, 2002, except for $45 of standby letters of credit issued on behalf of the company.

Long-term Debt consists of the following:

Type	Fiscal Year of Maturity	Rate	2002	2001
Notes	2003	6.15%	$ —	$ 300
Notes	2004	4.75%	300	300
Notes	2004	5.63%	—	100
Notes	2004	2.29%	300	—
Notes	2004	5.72%	—	528
Notes	2007	6.90%	300	300
Notes	2007	5.50%	300	—
Notes	2009	5.88%	300	—
Notes	2011	6.75%	700	500
Debentures	2021	8.88%	200	200
Other	2004-2010	6.40%-9.00%	49	15
			$ 2,449	$ 2,243

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The fair value of the company's long-term debt including the current portion of long-term debt in Notes payable was $2,952 at July 28, 2002, and $2,323 at July 29, 2001.

The company has $1,000 of long-term debt available to issue as of July 28, 2002 under a shelf registration statement filed with the Securities and Exchange Commission.

Principal amounts of long-term debt mature as follows: 2003–$301 (in current liabilities); 2004–$600; 2005–$1; 2006–$1; 2007–$605 and beyond–$1,242.

17. Other Liabilities

	2002	2001
Deferred taxes	**$ 188**	$ 303
Deferred compensation	**121**	123
Postemployment benefits	**15**	13
Other	**65**	36
	$ 389	$ 475

18. Financial Instruments

The carrying values of cash and cash equivalents, accounts and notes receivable, accounts payable and short-term debt approximate fair value. The fair value of long-term debt, as indicated in Note 16, and derivative financial instruments is based on quoted market prices.

In 2001, the company adopted 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 company utilizes certain derivative financial instruments to enhance its ability to manage risk, including interest rate, foreign currency, commodity 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 is exposed to credit loss in the event of nonperformance by the counterparties on derivative contracts. The company minimizes its credit risk on these transactions by dealing only with leading, credit-worthy financial institutions having long-term credit ratings of "A" or better and, therefore, does not anticipate nonperformance. In addition, the contracts are distributed among several financial institutions, thus minimizing credit risk concentration.

All derivatives are recognized on the balance sheet at fair value. On the date the derivative contract is entered into, the company designates the derivative as (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair-value hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge), (3) a foreign-currency fair-value or cash-flow hedge (foreign-currency hedge), or (4) a hedge of a net investment in a foreign operation. Some derivatives may also be considered natural hedging instruments (changes in fair value are recognized to act as economic offsets to changes in fair value of the underlying hedged item and do not qualify for hedge accounting under SFAS No. 133).

Changes in the fair value of a fair-value hedge, along with the loss or gain on the hedged asset or liability that is attributable to the hedged risk (including losses or gains on firm commitments), are recorded in current period earnings. Changes in the fair value of a cash-flow hedge are recorded in other comprehensive income, until earnings are affected by the variability of cash flows. Changes in the fair value of a foreign-currency hedge are recorded in either current-period earnings or other comprehensive income, depending on whether the hedge transaction is a fair-value hedge (e.g., a hedge of a firm commitment that is to be settled in foreign currency) or a cash-flow hedge (e.g., a hedge of a foreign-currency-denominated forecasted transaction). If, however, a derivative is used as a hedge of a net investment in a foreign operation, its changes in fair value, to the extent effective as a hedge, are recorded in the cumulative translation adjustments account within Shareowners' equity (deficit).

The company finances a portion of its operations through debt instruments primarily consisting of commercial paper, notes, debentures and bank loans. The company utilizes interest rate swap agreements to minimize worldwide financing costs and to achieve a targeted ratio of variable versus fixed-rate debt. In 2002, the company entered into interest rate swaps that convert fixed-rate debt (5.50% notes due in 2007 and 5.875% notes due in 2009) to variable. These swaps mature in 2007 and 2009, respectively, and are accounted for as fair-value hedges. The amounts paid or received on these hedges and adjustments to fair value are recognized as adjustments to interest expense. In 2001, the company entered into interest rate swaps that convert fixed-rate debt (6.75% notes due in 2011) to variable. The swaps mature in 2011 and are accounted for as fair-value hedges. The notional amount of fair-value interest rate swaps was $425 and $250, respectively, at July 28, 2002 and July 29, 2001. The swaps had a fair value of $31 and $5, respectively, at July 28, 2002 and July 29, 2001.

In 2002, the company entered into interest rate swaps with a notional value of $300 that convert variable-rate debt to fixed. The swaps mature in 2004 and are accounted for as cash-flow hedges. Consequently, the effective portion of unrealized gains (losses) is deferred as a component of Accumulated other comprehensive income/(loss) and is recognized in earnings at the time the hedged item affects earnings. The amounts paid or received on the hedge are recognized as adjustments to interest expense. The fair value of the swaps was $(4) as of July 28, 2002.

In anticipation of the $300 seven-year notes issued in September 2001, the company entered into forward-starting interest rate swap contracts with a notional value of $138. Upon issuance of the notes, the contracts were settled at a loss of approximately $4. This loss was recorded in other comprehensive income/(loss) and is being amortized to interest expense over the life of the notes.

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, options and cross-currency swaps in order to manage the volatility associated with foreign currency purchases and certain intercompany transactions in the normal course of business.

Qualifying forward exchange contracts and cross-currency swap contracts are accounted for as cash-flow hedges when the hedged item is a forecasted transaction, or when future cash flows related to a recognized asset or liability are expected to be received or paid. The effective portion of the changes in fair value on these instruments is recorded in Accumulated other comprehensive income/(loss) and is reclassified into the Statement of Earnings on the same line item and in the same period or periods in which the hedged transaction affects earnings. The fair value of these instruments was $(38) at July 28, 2002.

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 July 28, 2002.

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 expenses, as an offset to gains/(losses) on the underlying transaction.

Foreign currency forward contracts typically have maturities of less than one year. Principal currencies include the Australian dollar, British pound, Canadian dollar, euro, Japanese yen and Swedish krona.

As of July 28, 2002, the accumulated derivative net gain in other comprehensive income for cash-flow hedges, including the cross-currency swaps, variable to fixed interest rate swaps and forward starting swap contracts was $2, net of tax. At July 29, 2001, the accumulated net gain in other comprehensive income was not material. Reclassifications from Accumulated other comprehensive income/(loss) into the Statement of Earnings during the period ended July 28, 2002 were not material. There were no discontinued cash-flow hedges during the year. At July 28, 2002, the maximum maturity date of any cash-flow hedge was approximately nine years.

Other disclosures related to hedge ineffectiveness, gains/(losses) excluded from the assessment of hedge effectiveness, gains/(losses) arising from effective hedges of net investments, gains/(losses) resulting from the discontinuance of hedge accounting and reclassifications from other comprehensive income to earnings have been omitted due to the insignificance of these amounts.

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 futures 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.

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

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rate and receives the equity returns under these instruments. The notional value of the equity swap contracts, which mature in 2003, was $53 at July 28, 2002. These instruments are not designated as accounting hedges. Gains and losses are recorded in Other expenses. The net liability recorded under these contracts at July 28, 2002 was approximately $22.

19. Shareowners' Equity (Deficit)

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

The company sponsors a long-term incentive compensation plan. Under the plan, restricted stock and options may be granted to certain officers and key employees of the company. The plan provides for awards up to an aggregate of 50 million shares of Capital stock. Options are granted at a price not less than the fair value of the shares on the date of grant and expire not later than ten years after the date of grant. Options vest over a three-year period.

The company accounts for the stock option grants and restricted stock awards in accordance with Accounting Principles Board Opinion No. 25 and related Interpretations. Accordingly, no compensation expense has been recognized in the Statements of Earnings for the options. In 1997, the company adopted the disclosure provisions of SFAS No. 123 "Accounting for Stock-Based Compensation." Had the company recorded compensation expense for the fair value of options granted consistent with SFAS No. 123, earnings from continuing operations would have been reduced by approximately $15, $14, and $13 in 2002, 2001 and 2000, respectively. Earnings per share from continuing operations, both basic and assuming dilution, would have been reduced by $.04 in 2002, and $.03 in both 2001 and 2000.

In 2001, the Board of Directors authorized the conversion of certain stock options to shares of restricted stock based on specified conversion ratios. The exchange, which was voluntary, replaced approximately 4.7 million options with approximately one million restricted shares. Depending on the original grant date of the options, the restricted shares vest in 2002, 2003 or 2004. The company recognizes compensation expense throughout the vesting period of the restricted stock. Compensation expense related to this award was $11 in 2002 and $8 in 2001.

The weighted average fair value of options granted in 2002, 2001 and 2000 was estimated as $8.09, $7.96 and $7.94, respectively. The fair value of each option grant at grant date is estimated using the Black-Scholes option pricing model. The following weighted average assumptions were used for grants in 2002, 2001 and 2000:

	2002	2001	2000
Risk-free interest rate	**5.0%**	5.1%	6.3%
Expected life (in years)	**6**	6	6
Expected volatility	**31%**	30%	29%
Expected dividend yield	**2.2%**	3.1%	3.0%

Restricted shares granted are as follows:

(shares in thousands)	**2002**	2001	2000
Restricted Shares			
Granted	**94**	184	573

Information about stock options and related activity is as follows:

(options in thousands)	**2002**	**Weighted Average Exercise Price**	2001	Weighted Average Exercise Price	2000	Weighted Average Exercise Price
Beginning of year	**17,370**	**$ 30.30**	24,024	$ 32.16	19,880	$ 32.37
Granted	**15,176**	**25.53**	1,361	31.95	6,105	29.84
Exercised	**(827)**	**17.52**	(2,434)	16.82	(1,350)	17.81
Terminated	**(1,713)**	**31.16**	(929)	40.36	(611)	45.40
Converted to restricted stock	**—**	**—**	(4,652)	46.13	—	—
End of year	**30,006**	**$ 28.21**	17,370	$ 30.30	24,024	$ 32.16
Exercisable at end of year	**12,595**		12,160		14,850	

(options in thousands)	Stock Options Outstanding			Exercisable Options	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$16.81–$22.60	2,951	2.0	$ 20.14	2,951	$ 20.14
$22.61–$31.91	23,745	8.3	$ 27.38	7,163	$ 30.76
$31.92–$44.41	2,754	6.3	$ 38.78	1,926	$ 41.28
$44.42–$56.50	556	3.8	$ 53.97	555	$ 53.99
	30,006			12,595	

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.

For the periods presented in the Consolidated Statements of Earnings, the calculations of basic earnings per share and earnings per share assuming dilution vary in that the weighted average shares outstanding assuming dilution includes the incremental effect of stock options, except when such effect would be antidilutive. In 2001 and 2000, the weighted average shares outstanding assuming dilution also includes the incremental effect of approximately three million and four million shares, respectively, under forward stock purchase contracts.

20. Commitments and Contingencies

On March 30, 1998, the company effected a spinoff of several of its non-core businesses to Vlasic Foods International Inc. ("VFI"). VFI and several of its affiliates (collectively, "Vlasic") commenced cases under Chapter 11 of the Bankruptcy Code on January 29, 2001 in the United States Bankruptcy Court for the District of Delaware. Vlasic's Second Amended Joint Plan of Distribution under Chapter 11 (the "Plan") was confirmed by an order of the Bankruptcy Court dated November 16, 2001, and became effective on or about November 29, 2001. The Plan provides for the assignment of various causes of action allegedly belonging to the Vlasic estates, including claims against the company allegedly arising from the spinoff, to VFB LLC, a limited liability company ("VFB") whose membership interests are to be distributed under the Plan to Vlasic's general unsecured creditors.

On February 19, 2002, VFB commenced a lawsuit against the company and several of its subsidiaries in the United States District Court for the District of Delaware alleging, among other things, fraudulent conveyance, illegal dividends and breaches of fiduciary duty by Vlasic directors alleged to be under the company's control. The lawsuit seeks to hold the company liable in an amount necessary to satisfy all unpaid claims against Vlasic (which VFB estimates in the complaint to be $250), plus unspecified exemplary and punitive damages. While this case is still in its early stages and the ultimate disposition of complex litigation is inherently difficult to assess, the company believes the action is without merit and intends to defend the case vigorously.

The company is a party to other legal proceedings and claims, environmental matters and tax issues arising out of the normal course of business. Although the results of the pending claims and litigation cannot be predicted with certainty, in management's opinion, the final outcome of these other legal proceedings and claims, environmental matters and tax issues will not have a material effect on the consolidated results of operations, financial position or cash flows of the company.

The company has certain operating lease commitments, primarily related to warehouse and office facilities, retail store space, and certain equipment. Future minimum annual rental payments under these operating leases are as follows:

2003	2004	2005	2006	2007	Thereafter
$ 54	$ 45	$ 34	$ 30	$ 26	$ 62

The company guarantees approximately $74 of bank loans to Pepperidge Farm independent sales distributors, which are secured by their distribution routes that are purchased from the company.

21. Statements of Cash Flows

	2002	2001	2000
Interest paid, net of amounts capitalized	**$ 173**	$ 208	$ 199
Interest received	**$ 4**	$ 12	$ 10
Income taxes paid	**$ 222**	$ 310	$ 253

22. Quarterly Data (unaudited)

2002	**First**	**Second**	**Third**	**Fourth**
Net sales[1]	**$ 1,729**	**$ 1,810**	**$ 1,371**	**$ 1,223**
Cost of products sold[1]	**971**	**1,004**	**782**	**686**
Net earnings	**171**	**203**	**96**	**55**
Per share – basic				
Net earnings	**0.42**	**0.49**	**0.23**	**0.13**
Dividends	**0.1575**	**0.1575**	**0.1575**	**0.1575**
Per share – assuming dilution				
Net earnings	**0.42**	**0.49**	**0.23**	**0.13**
Market price				
High	**$ 29.27**	**$ 31.44**	**$ 28.85**	**$ 28.40**
Low	**$ 25.52**	**$ 27.81**	**$ 25.59**	**$ 21.00**

2001	First	Second	Third	Fourth
Net sales[1]	$ 1,581	$ 1,755	$ 1,271	$ 1,164
Cost of products sold[1]	856	918	712	646
Net earnings	204	271	122	52
Per share – basic				
Net earnings	0.48	0.65	0.30	0.13
Dividends	0.225	0.225	0.225	0.225
Per share – assuming dilution				
Net earnings	0.47	0.65	0.30	0.13
Market price				
High	$ 28.81	$ 35.44	$ 33.05	$ 31.00
Low	$ 23.75	$ 28.19	$ 28.25	$ 25.75

[1] In the fourth quarter of 2001, the company adopted new guidance on the classification of shipping and handling costs. Shipping and handling costs of $207 in 2001 were reclassified from Net sales to Cost of products sold. In the first quarter of 2002, the company adopted new accounting standards related to the income statement classification of certain consumer and trade sales promotion expenses, such as coupon redemption costs, cooperative advertising programs and in-store display incentives. As a result, the reclassifications, recorded in 2002, reduced Net sales by $893 and reduced Cost of products sold by $14 for 2001. See Note 1 for further discussion.

Report of Management

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

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

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

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

Douglas R. Conant

Douglas R. Conant
President and Chief Executive Officer

Robert A. Schiffner

Robert A. Schiffner
Senior Vice President and Chief Financial Officer

Gerald S. Lord
Vice President – Controller
September 5, 2002

Report of Independent Accountants

To the Shareowners and Directors of Campbell Soup Company

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, shareowners' equity (deficit) and cash flows present fairly, in all material respects, the financial position of Campbell Soup Company and its subsidiaries at July 28, 2002, and July 29, 2001, and the results of their operations and their cash flows for each of the three years in the period ended July 28, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
September 5, 2002

Five-Year Review – Consolidated

(millions, except per share amounts)

Fiscal Year	**2002**[1]	2001[2]	2000	1999[3]	1998[4]
Summary of Operations					
Net sales	**$ 6,133**	$ 5,771	$ 5,626	$ 5,803	$ 6,220
Earnings before interest and taxes	**984**	1,194	1,265	1,270	1,248
Earnings before taxes	**798**	987	1,077	1,097	1,073
Earnings from continuing operations	**525**	649	714	724	689
Loss from discontinued operations	**—**	—	—	—	(18)
Net earnings	**525**	649	714	724	660
Financial Position					
Plant assets – net	**$ 1,684**	$ 1,637	$ 1,644	$ 1,726	$ 1,723
Total assets	**5,721**	5,927	5,196	5,522	5,633
Total debt	**3,645**	4,049	3,091	3,317	2,570
Shareowners' equity	**(114)**	(247)	137	235	874
Per Share Data					
Earnings from continuing operations – basic	**$ 1.28**	$ 1.57	$ 1.68	$ 1.64	$ 1.52
Earnings from continuing operations – assuming dilution	**1.28**	1.55	1.65	1.63	1.50
Net earnings – basic	**1.28**	1.57	1.68	1.64	1.46
Net earnings – assuming dilution	**1.28**	1.55	1.65	1.63	1.44
Dividends declared	**0.63**	0.90	0.90	0.885	0.823
Other Statistics					
Cash margin[5]	**21.2%**	25.4%	27.0%	26.3%	24.4%
Capital expenditures	**$ 269**	$ 200	$ 200	$ 297	$ 256
Number of shareowners (in thousands)	**47**	48	51	51	51
Weighted average shares outstanding	**410**	414	425	441	454
Weighted average shares outstanding – assuming dilution	**411**	418	432	445	460

[1] 2002 results include pre-tax costs of $20 ($14 after tax or $.03 per share basic and assuming dilution) related to an Australian manufacturing reconfiguration. Of this amount, pre-tax costs of approximately $19 were recorded in Cost of products sold.

[2] 2001 results include pre-tax costs of $15 ($11 after tax or $.03 per share basic and assuming dilution) related to an Australian manufacturing reconfiguration. Of this amount, pre-tax costs of approximately $5 were recorded in Cost of products sold.

[3] 1999 earnings from continuing operations include a net pre-tax restructuring charge of $36 ($27 after tax or $.06 per share basic and assuming dilution). Earnings from continuing operations also include the effect of certain non-recurring costs of $22 ($15 after tax or $.03 per share basic and assuming dilution).

[4] 1998 earnings from continuing operations include a pre-tax restructuring charge of $262 ($193 after tax or $.42 per share basic and assuming dilution). Earnings from continuing operations also include a gain on divestiture of $14 ($9 after tax or $.02 per share basic and assuming dilution). Net earnings include the cumulative effect of a change in accounting for business process reengineering costs of $11 or $.02 per share (basic and assuming dilution).

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

In 2002, financial results were restated to conform to the requirements of new accounting standards. Certain consumer and trade promotional expenses have been reclassified from Marketing and selling expenses and Cost of products sold to Net sales for 1998 to 2001.

The company spun off its Specialty Foods segment in 1998 and accounted for it as a discontinued operation.

Board of Directors

George M. Sherman
Chairman of Campbell Soup Company (2, 3)

Douglas R. Conant
President and Chief Executive Officer of Campbell Soup Company (3, 4)

Alva A. App
Retired Senior Scientific Advisor to the United Nations Development Programme (3, 4, 5)

Edmund M. Carpenter
President and Chief Executive Officer of Barnes Group, Inc. (1, 4)

Bennett Dorrance
Private Investor and Chairman and Managing Director of DMB Associates (2, 3, 4)

Thomas W. Field, Jr.
President, Field & Associates (1, 3, 5)

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

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

David K. P. Li
Chairman and Chief Executive of The Bank of East Asia, Limited (4)

Philip E. Lippincott
Former Chairman of Campbell Soup Company (2, 3, 4)

Mary Alice D. Malone
Private Investor and President of Iron Spring Farm, Inc. (4, 5)

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

Charles R. Perrin
Retired Chairman and Chief Executive Officer of Avon Products, Inc. (1, 2)

Donald M. Stewart
President and Chief Executive Officer of the Chicago Community Trust (2, 5)

George Strawbridge, Jr.
Private Investor (1, 3, 5)

Charlotte C. Weber
Private Investor and President and Chief Executive Officer of Live Oak Properties (2, 5)

Committees
[1] Audit
[2] Compensation and Organization
[3] Executive
[4] Finance and Corporate Development
[5] Governance

Officers
(as of October 2002)

Douglas R. Conant
President and Chief Executive Officer

Jerry S. Buckley
Senior Vice President – Public Affairs

M. Carl Johnson, III
Senior Vice President – Chief Strategy Officer

Ellen Oran Kaden
Senior Vice President – Law and Government Affairs

R. David C. Macnair
Senior Vice President – Global Research and Development

Larry S. McWilliams
Senior Vice President – Sales and Chief Customer Officer

Patrick O'Malley
Senior Vice President – Global Operations

Robert A. Schiffner
Senior Vice President and Chief Financial Officer

Doreen A. Wright
Senior Vice President and Chief Information Officer

John Doumani
Vice President and President – Campbell International

Anthony P. DiSilvestro
Vice President and Managing Director – Campbell International

John J. Furey
Vice President and Corporate Secretary

James A. Goldman
Vice President and President – North America Sauces and Beverages

Richard J. Landers
Vice President – Taxes

Gerald S. Lord
Vice President – Controller

William J. O'Shea
Vice President – Treasurer

Mark A. Sarvary
Vice President and President – Pepperidge Farm

Shareowner Information

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

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

Transfer Agent and Registrar
EquiServe Trust Company
P.O. Box 43069
Providence, RI 02940-3069
1-800-446-2617

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

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

A dividend reinvestment plan is available to shareowners. For information about dividends or the dividend investment plan, write: Dividend Reinvestment Plan Agent, Campbell Soup Company, P.O. Box 43081, Providence, RI 02940-3081, or call (781) 575-2723 or 1-800-446-2617.

Annual Meeting
The Annual Meeting of Shareowners will be held on November 22, 2002 at 11:00 a.m. Eastern Standard Time, at Doneckers Ballroom, 100 North State Street, Ephrata, PA 17522.

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

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

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

Media and public relations inquiries should be directed to Michelle Davidson, Director – Corporate Communications at the World Headquarters address, or call (856) 968-4390.

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

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

Shareowner Information Service
For the latest quarterly business results, or other information requests such as dividend dates, shareowner programs or product news, call 1-888-SIP-SOUP (1-888-747-7687). Shareowner information is also available on the World Wide Web at: www.campbellsoup.com.

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

Thanks to all the employees pictured in this year's annual report.

Prego
"Never have an ordinary day."
That's what Campbell's soups are
M'm! M'm! Good!
Campbell's
M'm! M'm! Good!
SOUP
My favorite indulgence? A hand-dipped Godiva chocolate-covered strawberry.
Pace®
NEW
Batchelors
Cup a Soup
Mediterranean
Watch for the *Chunky Tackling Hunger* tour.
Campbell's
OXO™

Campbell Soup Company

Campbell Place, Camden, NJ 08103-1799 www.campbellsoup.com