



Campbell Soup Company

Company Profile

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TABLE OF CONTENTS

Company Overview	4
Key Facts	4
Business Description	5
History	6
Key Employees	7
Major Products And Services	13
Products And Services Analysis.....	15
SWOT Analysis	17
Top Competitors	21
Company View	22
Locations and Subsidiaries	26

COMPANY OVERVIEW

Campbell Soup Company is a manufacturer and marketer of branded convenience food products. It has manufacturing plants in the US and 13 countries including Canada, Mexico, Australia, UK, France and Germany. The company is headquartered in Camden, New Jersey.

For the fiscal year 2003, Campbell Soup Company recorded revenues of \$6,678 million, an increase of 8.88% from fiscal 2002.

KEY FACTS

Head Office	Campbell Soup Company Campbell Place Camden NJ 08103 United States
Phone	+1 856 342 4800
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Web Address	http://www.campbellsoupcompany.com
Revenues/turnover (US\$ Mn)	6678
Financial Year End	July
Employees	25000
SIC Codes	SIC 2032 Canned Specialties SIC 2052 Cookies and Crackers SIC 2066 Chocolate and Cocoa Products
NAICS Codes	311422, 311999, 311812, 311821, 311919, 31132, 31133
New York Ticker	CPB

BUSINESS DESCRIPTION

Campbell Soup Company together with its consolidated subsidiaries is a manufacturer and marketer of branded convenience food products. Its operations are managed and reported in four segments: North America soup & away from home; North America sauces & beverages; biscuits & confectionery; and International soup & sauces.

The North America soup & away from home segment comprises the retail soup & away from home business in the US and Canada. The US retail business includes the Campbell's brand condensed and ready-to-serve soups. The segment also includes the company's business in Canada, which comprises 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 in North America.

The North America sauces & beverages segment includes US retail sales for pasta sauces, Mexican sauces, canned pastas and gravies, vegetable juices, juice beverages, tomato juice, and businesses in Mexico, Latin America and Caribbean countries.

The biscuits & confectionery segment includes all retail sales of Pepperidge Farm cookies, crackers, breads and frozen products in North America, Arnott's biscuits and crackers in Australia and Asia/Pacific, Arnott's Snackfoods salty snacks in Australia, and Godiva chocolates worldwide.

The International soup & sauces segment comprises of operations outside of North America. The main products sold overseas are soups, sauces, stock cubes mayonnaise, cold sauces and broths.

HISTORY

Abram Anderson and Joseph Campbell founded the Campbell Soup Company as a canning and preserving business in 1869 in New Jersey, US. The company was called the Joseph Campbell Preserve Company. The company's condensed soups were first produced by, Campbell's nephew, John Dorrance in the late 1890s.

Campbell was a nationally recognized brand by 1902. The company acquired Franco-American Food Company in 1915, and changed its name to the Campbell Soup Company in 1921.

Campbell expanded overseas with the formation of subsidiaries in Canada (1930) and UK (1933). In 1948, V8 Vegetable juice was acquired. Six years later, the company began trading on the New York Stock Exchange. In the late 1950s and early 1960s, it launched products in Mexico and Australia after forming subsidiaries in the two countries.

Campbell acquired the bakery product manufacturer, Pepperidge Farm and Biscuits Delacre, the Belgian cookie in 1960. Godiva Chocolatier was acquired in 1966.

Notable acquisitions in the mid 1990s included Pace Foods Fresh Start Bakeries, and Homepride. Campbell acquired Erasco in 1996, the number-one-selling canned soup of Germany.

Campbell's spun off Swanson frozen food and Vlasic pickles into Vlasic foods international in 1998.

In 2001, Campbell acquired leading instant dry soup and bouillon brands in Europe, including Oxo, Batchelors, Heisse Tasse, Bla Band and Royco. In the following year the company acquired Snack Foods, a leader in the Australian salty snack category, and Erin Foods, Ireland's second largest dry soup business.

In 2004, the company launched Pace Family Entree Beef Enchilada Casserole.

KEY EMPLOYEES

Name	Job Title	Board	Compensation
Douglas R. Conant	President and CEO	Executive Board	
George M Sherman	Chairman	Non Executive Board	
Edmund M Carpenter	Director	Non Executive Board	
Paul R. Charron	Director	Non Executive Board	
Bennett Dorrance	Director	Non Executive Board	
Kent B Foster	Director	Non Executive Board	
Harvey Golub	Director	Non Executive Board	
Randall W. Larrimore	Director	Non Executive Board	
Philip E Lippincott	Director	Non Executive Board	
Mary A Malone	Director	Non Executive Board	
David C. Patterson	Director	Non Executive Board	
Charles R Perrin	Director	Non Executive Board	
Donald M Stewart	Director	Non Executive Board	
George Strawbridge Jr.	Director	Non Executive Board	
Les C. Vinney	Director	Non Executive Board	
Charlotte C Weber	Director	Non Executive Board	
Robert A. Schiffner	Senior Vice President and CFO	Senior Management	

KEY EMPLOYEE BIOGRAPHIES

Douglas R. Conant

Board: Executive Board
Job Title: President and CEO
Since: 2001
Age: 52

Mr. Conant is president and chief executive officer of Campbell Soup Company since 2001. Previously, he served as president of Nabisco Foods Company. He joined Nabisco in 1992 and served as president of sales and integrated logistics, senior vice president/marketing for The Nabisco Biscuit Company and vice president/general manager of the Fleischmann's Company. He is also director of Applebee's International.

George M Sherman

Board: Non Executive Board
Job Title: Chairman
Since: 2001
Age: 62

Mr. Sherman has been chairman of the Campbell Soup Company since 2001. He was previously president and chief executive officer of Danaher Corporation.

Edmund M Carpenter

Board: Non Executive Board
Job Title: Director
Since: 1990
Age: 61

Mr. Carpenter is president and chief executive officer of Barnes Group since 1998. Previously, he was senior managing director of Clayton Dubilier & Rice. He is a former chairman and chief executive officer of General Signal Corporation.

Paul R. Charron

Board: Non Executive Board

Job Title: Director

Age: 61

Mr. Charron is chairman and chief executive officer of Liz Claiborne since 1996. He is also director of Liz Claiborne.

Bennett Dorrance

Board: Non Executive Board

Job Title: Director

Since: 1989

Age: 57

Mr. Dorrance is chairman and managing director of DMB Associates in Phoenix, Arizona.

Kent B Foster

Board: Non Executive Board

Job Title: Director

Since: 1996

Age: 60

Mr. Foster is chairman and chief executive officer of Ingram Micro since 2000. He was previously president of GTE Corporation. He also serves as director of Ingram Micro, JC Penney Company and New York Life Insurance Company.

Harvey Golub

Board: Non Executive Board

Job Title: Director

Since: 1996

Age: 64

Mr. Golub was chairman and chief executive officer of American Express Company from 1993 to 2001. He is currently director of Dow Jones & Company.

Randall W. Larrimore

Board: Non Executive Board

Job Title: Director

Since: 2002

Age: 56

Mr. Larrimore is non-executive chairman of Olin Corporation since April 2003. He served as president and chief executive officer of United Stationers from 1997 to 2003.

Philip E Lippincott

Board: Non Executive Board

Job Title: Director

Since: 1983

Age: 67

Mr. Lippincott was chairman of Campbell Soup Company from 1999 to 2001. He also served as chairman and chief executive officer of Scott Paper Company from 1983 to 1994. Mr. Lippincott is also a director of Exxon Mobil Corporation and trustee of tThe Penn Mutual Life Insurance Company.

Mary A Malone

Board: Non Executive Board

Job Title: Director

Since: 1990

Age: 53

Ms. Malone is private investor and president of Iron Spring Farm.

David C. Patterson

Board: Non Executive Board

Job Title: Director

Since: 2002

Age: 55

Mr. Patterson is founder and chairman, Brandywine Trust Company since 1989.

Charles R Perrin

Board: Non Executive Board

Job Title: Director

Since: 1999

Age: 58

Mr. Perrin was chairman and chief executive officer of Avon Products from 1998 to 1999. He served as chairman and chief executive officer of Duracell International from 1994 to 1996. He is also director of Warnaco Group.

Donald M Stewart

Board: Non Executive Board

Job Title: Director

Since: 1992

Age: 65

Mr. Stewart is president and chief executive officer of the Chicago Community Trust since 2000. Previously, he was senior program officer of the Carnegie Corporation from 1999 to 2000 and president and chief executive officer of The College board. He is also director of tThe New York Times Company and Sotheby's Holdings.

George Strawbridge Jr.

Board: Non Executive Board

Job Title: Director

Since: 1988

Age: 65

Mr. Strawbridge is private investor and president of Augustin Corporation.

Les C. Vinney

Board: Non Executive Board

Job Title: Director

Age: 54

Mr. Vinney is president and chief executive officer of STERIS Corporation since 2000. Previously, he was senior vice president, finance and operations of STERIS. Mr. Vinney is former senior vice president and chief financial officer of the BF Goodrich Company.

Charlotte C Weber

Board: Non Executive Board

Job Title: Director

Since: 1990

Age: 60

Ms. Weber is president and chief executive officer of Live Oak Properties.

Robert A. Schiffner

Board: Senior Management

Job Title: Senior Vice President and CFO

Mr. Schiffner was appointed senior vice president and chief financial officer in 2001. Prior to joining Campbell, Schiffner was employed with Nabisco, where he served most recently as senior vice president and treasurer of Nabisco Holdings Corporation. He served as vice president of finance, planning and trade marketing at Nabisco in the first half of the 1990s before joining Nabisco Holdings as controller from 1995 to 1997 and treasurer beginning in 1998.

MAJOR PRODUCTS AND SERVICES

Campbell Soup Company is a manufacturer and marketer of branded convenience food products. The company provides the following products:

Products:

- Soups
- Pasta
- Sauces
- Juices
- Cookies
- Crackers
- Breads
- Gravies
- Salty snacks
- Chocolates

Brands:

- Campbell's Chunky Soups
- Campbell's Condensed Soups
- Campbell's Fun Favorites Soups
- Campbell's Healthy Request Soups
- Campbell's Kitchen Classics Soup
- Campbell's Select Soups
- Campbell's Soup at Hand Soups
- Tomato Soup Lovers
- Campbell's Supper Bakes Meal Kits
- Campbell's Tomato Juice
- Pepperidge Farm Bakery
- Pepperidge Farm Goldfish Crackers
- Pepperidge Farm Cookies
- Pepperidge Farm Puff Pastry
- Pace Foods
- Prego Sauces
- Prego pasta bake sauce
- V8 Juices
- V8 Vegetable Juice
- V8 Splash Juice Drinks
- Campbell Food Service

Franco-American Gravies

Franco-American Spaghetti Os Pasta

PRODUCTS AND SERVICES ANALYSIS

Campbell Soup Company recorded revenues of \$6678 million for the fiscal year 2003, a 9% increase over 2002. This increase was driven by a 3% increase in volume and mix, 1% due to increase in prices, 3% due to currency translation effects and 2% as a result of acquisitions. Sales in the US, the company's largest market, were \$4549 million in 2003, an increase of 4.8% over 2002.

The company's operations are categorized into four segments; North America Soup and Away From Home (39% of total revenues), North America Sauces and Beverages (19%), Biscuits and Confectionery (26%), and International Soup and Sauces (16%).

Revenues by Division

In the fiscal year 2003, North America Soup and Away from Home segment recorded sales of \$2606 million, a 3% increase over 2002. This was a combined effect of an increase in volume and mix, higher price realization, positive currency translation effects and lower revenue from trade promotion and consumer coupon redemption programs. Sales growth was higher in ready-to-serve soups, condensed soups and Swanson broth. New launch of Soup-at-Hand in microwaveable packaging contributed to the overall growth.

North America Sauces and Beverages recorded sales of \$1246 million in 2003, a 5% increase over 2002. This increase was led by strong gains in volumes of Pace Mexican sauces, Prego brand products, V8 vegetable juices and Campbell's tomato juice. Sales of new products like V8 smoothies, Prego meat sauces also contributed to the overall rise.

Biscuits and Confectionery recorded sales of \$1774 million in 2003, an 18% increase over 2002. The acquisition of Snack Foods in Australia contributed 8% to the overall increase in sales. Increase in volume and mix and a higher price realization also contributed to the increase in sales.

International Soup and Sauces recorded revenues of \$1052 million in 2003, an increase of 14% over 2002. This was mainly because of a favorable effect of currency translations.

Revenues by Geography

The US, Campbells's largest geographical market, accounted for 67% of overall sales in 2003. During the fiscal year 2003, sales in US reached \$4549 million, a 4.8% increase over 2002.

Sales in Europe, the company's second largest market, accounted for 14.2% of overall sales in 2003. During the fiscal year 2003, sales in Europe reached \$969 million, a 15% increase over 2002.

Sales in Australia and Asia Pacific accounted for 11.5% of overall sales in 2003. During the fiscal year 2003, sales in the region reached \$779 million, a 41% increase over 2002.

Sales in other countries accounted for 7.3% of overall sales for 2003. During the fiscal year 2003, sales reached \$492 million, a 2% decline over 2002.

SWOT ANALYSIS

Campbell Soup Company manufactures markets and sells branded consumer products. The company products portfolio includes but is not limited to soups, sauces, broths, biscuits and chocolates. The company has a strong research function with high capabilities in new products development. Campbell has been facing stiff competition from the competitors in the recent past.

Strengths	Weaknesses
Fast new product introductions	Poor performance in the core domestic soup category
Strong performance in non-soup segments	Pressure in working capital and cash flows
Improved performance in international markets	Rising marketing expenditures
Leading global brands	
Opportunities	Threats
Innovative products and packaging	Strong pricing pressure from competition
Growth in Asia-Pacific markets	Low adoption rates for new products
Improved cost savings	Fluctuations in raw material prices
	Public fears over beef safety

Strengths

Fast new product introductions

The company has been consistently quick to come up with new products in the market. During first quarter of fiscal 2004, Campbell launched the new microwaveable varieties of its brands like Chunky and Select. It also launched the first portable soup product, Soup at Hand. Over the years it has built strong capabilities in product innovation and development.

Strong performance in non-soup segments

The company's performance in non-soup lines like sauces, beverages and cookies, has been strong. The V8 vegetable juices and the Splash lines of juices had stronger sales. Pepperidge Farm products have established strong brand equity among consumers as a result of which the Biscuits and Confection unit had posted 8% sales

growth during second quarter in 2004, although competitors in the cookies market like Nabisco and Keebler had declining sales.

Improved performance in international markets

The company has showed improved performance in the international market. There was an 8% increase in sales because of volume and mix. The dry soup sales in Europe, strong sales growth in Asia Pacific region, and introduction of improved product lines in Australia contributed to the revenue growth.

Leading global brands

Most of the company's brands in the broader portfolio are first or second in their categories. Brands like Campbell, Pepperidge Farm, Arnott's, Godiva and V8 enjoy high brand recognition. Campbell soups outsell the leading branded competition in the US by a margin of seven to one.

Weaknesses

Poor performance in the core domestic soup category

About 50% of the company's earnings come from the domestic soup category. Condensed soup, which accounts for 30% of the company's earnings before interest and taxes, is in structural decline. Condensed soup sales declined 7% in the first quarter of fiscal year 2004. Volumes in the US wet soup segment also declined in January 2003 due to poor retail execution. Following this, the company has been unable to maintain a balance between promotional expenditure on ready-to-serve soup and condensed soup.

Pressure in working capital and cash flows

Campbell's overall cash flow generation was an inflow of \$7million, lower than the year ago period (an inflow of \$20million). The company's cashflow from operations was an outflow of \$66 million during the first quarter 2004. This was due to a high working capital outflow fueled by lower account payables (3% less than year-ago period) and higher inventories (8% greater than the year-ago period). Acquisition of lower margin products along with increases in cost of quality and packaging upgrades have contracted gross margins. Administrative expenses also rose approximately 14% due to the impact of currency and litigation costs, affecting the company's bottomline.

Rising marketing expenditures

In efforts to revive the US wet-soup business, the company had announced plans to increase its promotional spend. Despite growth from the new microwaveable products, soup sales were flat in first quarter of fiscal 2004. The intense pricing pressure from competitors also has forced management to increase the expenditure on promotion.

Opportunities

Innovative products and packaging

Innovations in product and packaging offer an opportunity for Campbell to revitalize itself in the North American market. For instance, in 2003, it introduced soups in microwavable packages the sales of which exceeded the company's internal targets by a factor of two.

Growth in Asia Pacific markets

The Asia-Pacific region posted strong sales growth in 2003, driven in part by new production in Australia and also the acquisition of three brands from George Weston Foods. Sales in this region were 11.6% of overall sales in 2003 (which was a 41% increase over 2002) and the company has an opportunity to expand further in this region.

Improved cost savings

Campbell Soup has been upgrading its systems and improving its spending efficiency in its bakery business which will generate significant savings. The company opened a new Pepperidge farm bakery in Connecticut and also upgraded Arnott's bakery in Australia. Campbell's cost savings are an important source of funds for investments in its brands.

Threats

Strong pricing pressure from competition

Campbell faces strong pricing pressure from competitors. Since October 2003, Progresso, a unit of General Mills, sold much of its ready-to-serve products at deep discounts. In January 2003, Campbell withdrew its normal trade discounts and lost significant market share to Progresso. Furthermore, the share of private label in the condensed soup market has been growing. This will affect the company's sales in its core sector, especially because of the company's reliance on wet-soup and condensed soup as a source for operating income.

Low adoption rates for new products

Consumer preferences for many of Campbell's new products are difficult to assess and change fast. For instance, while the microwaveable products have been an early success, high consumer adoption rates are required for the products to establish a sustainable position in the market. Low adoption rates shall result in heavy promotional and marketing spends. Fast consumer acceptance for the slew of new products introduced by the company shall become a challenge in the coming years.

Fluctuations in raw material prices

The ingredients required for the manufacture of the company's food products are purchased from various suppliers worldwide. The raw materials are subject to fluctuations in price due to factors such as change in crop size, cattle cycles, government sponsored agricultural programs, import and export requirements and weather conditions. Ingredient inventories also follow seasonal patterns depending upon the growing and harvesting seasons. Fluctuations in price of these ingredients can adversely impact the company's profitability.

Public fears over beef safety

The depth of public concern over the current issue of mad cow disease in the US, and the safety of beef generally, has been sufficient for Campbell to issue a statement to assure the public that it sources its beef and beef products from USDA approved and inspected suppliers. The company insists that the types of beef used are in full compliance with USDA regulations, including all those related to BSE risk materials. In early January 2004, the Agriculture Department banned ill and injured cattle from human food supplies, prohibited human consumption of older cows' brains and spinal cords and created regulations on the tracking, testing and slaughtering of cattle. This move was well received by national food safety groups, and it increases the profile of the issue. This may have the effect of reducing consumer demand for the type of products Campbell produces.

TOP COMPETITORS

The following companies are the major competitors of Campbell Soup Company:

Borden Chemical, Inc.
Cadbury Schweppes plc
ConAgra Foods, Inc.
Flowers Foods, Inc.
General Mills, Inc.
George Weston Limited
Groupe Danone
H.J. Heinz Company
Hershey Foods Corporation
Mars, Inc.
Nestle S.A.
PepsiCo, Inc.
Altria Group, Inc.
Sara Lee Corporation
Unilever
United Biscuits (Holdings) plc
Hormel Foods
Del Monte Foods Company
Armanino Foods of Distinction, Inc.
Hain Celestial Group, Inc. (The)
Ralcorp Holdings, Inc.
Kraft Foods, Inc.
Unilever Bestfoods
Pillsbury Company
American Italian Pasta
Interstate Bakeries Corp.
Sygen International PLC

COMPANY VIEW

A statement by Douglas R. Conant, president and chief executive officer of Campbell Soup Company, follows. This statement is taken from the company's 2003 Annual Report:

Two years ago we began to implement a three year, five-point plan designed to renew Campbell Soup Company. In fiscal 2003, we began building momentum with innovative products, revitalized core brands and reenergized employees.

Net sales in fiscal 2003 increased 9 percent (currency and acquisitions accounted for 5 percent of the increase) to \$6.7 billion, and earnings before the cumulative effect of accounting change grew 8 percent (excluding amortization from fiscal 2002 results) to \$626 million, or \$1.52 per share. These gains were achieved through strong volume growth in the second half of the fiscal year as we passed the midway point of our Transformation Plan. All of our major reporting segments showed top-line growth. Our decision to invest more heavily in our brands through both marketing and product innovation is beginning to yield better results.

I believe that Campbell Soup Company now has in place the four elements necessary for any consumer products company to be successful for the long term: (1) We have strong brands that are leaders in their categories; (2) we compete within large, appealing categories with above-average growth; (3) we possess a financial structure that generates the cash flow required to sustain solid growth; and (4) we have an organization that is capable of creating and executing our increasingly competitive plans.

With these elements for success in place, we have broadened our strategic framework to realize the full potential of our portfolio and our people. We believe that these five strategies, which have been modified during the past two years, will drive Campbell Soup Company to its next level of performance:

Revitalize core North America thermal businesses;

U.S. Soup

Beverages, Sauces and Simple Meals

Strengthen the broader portfolio for consistent sales and earnings growth;

Continually improve product and package quality;

Drive total system productivity;

Build organization excellence and vitality

Revitalize core North America thermal businesses

Seventy percent of our operating earnings are derived from soup, beverages and sauces, and we are committed to developing significant competitive advantages in taste, nutrition and packaging in these important businesses.

Soup > Campbell's soups outsell the leading branded competition in the U.S. by a margin of 7 to 1. At the heart of our program is a commitment to make soups more appealing to consumers by continually improving quality, making packaging more convenient and making shopping easier. This past year we brought this objective to life on all three fronts. First, our reformulated "cold blend" condensed vegetable soups entered the marketplace with improved quality of those 10 varieties. Second, we delivered Campbell's Soup at Hand sippable soups, the first truly portable soup product. Third, we developed iQ Shelf Maximizer, a breakthrough shelving system that groups soups in a highly visible and efficient way that makes it much easier for consumers to find their favorite varieties. In fiscal 2004, we are building on these initiatives. We have improved 14 more condensed soup varieties using cold blend processing. We have launched an entirely new platform for portability Campbell's M'm! M'm! Good! To Go incorporating Campbell's Soup at Hand, Campbell's Chunky and Campbell's Select brand soups, all in microwavable containers. And we are rolling out iQ Shelf Maximizer to more high-volume retail outlets.

Beverages, Sauces and Simple Meals > In our North America Sauces and Beverages businesses, we're making considerable progress thanks to our investments in marketing and new product development. In addition, the investments in thermal technology and manufacturing that we have made in our soup business are being leveraged in these businesses as well. In fiscal 2003, our V8, Pace and Prego brands responded to marketing initiatives and delivered both top-line and bottom-line growth. The introduction of V8 Splash Smoothies helped restore growth to the beverage business. We intend to take advantage of the fact that two thirds of today's meals are still eaten at home. Simple meals made from Campbell's soups and sauces will be a theme of our 2004 marketing campaigns.

Strengthen the broader portfolio for consistent sales and earnings growth

Most of the brands in our broader portfolio are first or second in their categories, but there is still plenty of room for market expansion. We have accelerated innovation and intensified consumer support to grow sales volume and, where appropriate, market share.

Snacking and baking businesses account for more than 20 percent of our sales. Our three core brands Pepperidge Farm, Arnott's, Godiva have a solid position and opportunities for top-line growth.

In fiscal 2003, Pepperidge Farm had strong growth in all three of its core businesses biscuits, bakery and frozen while Arnott's delivered increased sales and earnings and achieved the #2 salty snack position in Australia through our acquisition of Snack Foods Ltd. Godiva continues to be one of the most recognized luxury brands in the world today. However, its growth continued to be affected by softness in consumer spending for luxury goods.

In International Soup and Sauces, we also delivered growth. In Europe, we have successfully integrated our dry soup businesses purchased more than two years ago and those businesses grew. We experienced weakness in our base businesses in the United Kingdom, France and Germany, but we have plans in place to address those issues. In Asia Pacific, our soup business in Australia continued to deliver good growth.

Continually improve product and package quality

Two years ago we set superiority standards for our top-selling 120 products around the world. Since then, we have tripled the number of these products that are rated superior to competition and we have laid the groundwork for even greater progress in the years ahead. We are also aggressively upgrading our packaging capabilities across our portfolio. Our work in soup is illustrative of this effort.

In fiscal 2003, Campbell's Soup at Hand sippable soups introduced new easy-open, microwavable packaging that proved to be a big success and created an opportunity to establish a whole new platform for soup growth. For fiscal 2004, we have introduced more Campbell's Soup at Hand varieties and new microwavable packaging for both Campbell's Chunky and Campbell's Select brands in a new section within the soup aisle under the umbrella brand M'm! M'm! Good! To Go. At the same time, new easy-open lids on condensed soup are providing many opportunities for consumers to try Campbell's soup instead of other food choices. Our vegetable soups in aseptic packaging have had good success both in Canada, with Campbell's Gardennay, and in Australia, with Campbell's Velish. We are also making significant gains in customizing our products for our customers through innovative packaging.

Drive total system productivity

In fiscal 2003, we delivered cost savings in excess of \$130 million. This is an important element of our efforts to generate increased funding for our brands. Across our entire supply chain, we are generating significant savings through upgrading

systems and increasing the efficiency of our spending. Our new Pepperidge Farm bakery in Bloomfield, Connecticut, and the upgrade of Arnott's bakery in Marleston, Australia, will give us a better cost profile in our core bakery business.

Build organization excellence and vitality

Through both internal advancements and external hires, we have created a workforce that I believe is second to none in the industry. We have added leadership in critical areas and enhanced our talent at all levels. Additionally, we have made notable progress improving employee satisfaction and morale through multiple workplace initiatives.

Outlook

Our outlook is bright. In U.S. Soup, we are starting to gain traction through better marketing and innovative new products, as well as improved product quality and packaging. Our broader portfolio is also starting to gain momentum, and we are getting better top-line results. We are increasing the contributions from new products, and improving quality and productivity. We expect to further improve momentum in fiscal 2004 through top-line growth across several of our businesses, especially in soup, as innovation and more efficient and effective marketing continue. We also expect to maintain our current level of capital investment to support innovation, ensure capacity to support our growth and generate more productivity.

The plan we initiated two years ago is helping us renew our winning ways. We are creating a strong, focused company that can consistently deliver a total shareholder return that is among the best in the consumer food industry.

LOCATIONS AND SUBSIDIARIES

Head Office

Campbell Soup Company
Campbell Place
Camden
NJ 08103
United States
P: 1 856 342 4800
F: 1 856 342 3878
www.campbellsoupcompany.com

Other Locations and Subsidiaries

Pepperridge Farm Inc 595 Westport Avenue Norwalk CT 06851 4481 United States P: 1 203 846 7000	Arnott's Biscuits 11 George St Homebush New South Wales 2140 Australia www.arnotts.com
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