CAMPBELL SOUP CO
Form 10-K
September 28, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

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

For the Fiscal Year Ended July 31, 2011	Commission File Number 1-3822

CAMPBELL SOUP COMPANY

New Jersey	**21-0419870**
State of Incorporation	*I.R.S. Employer Identification No.*

1 Campbell Place
Camden, New Jersey 08103-1799
Principal Executive Offices
Telephone Number: (856) 342-4800

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Capital Stock, par value $.0375	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. þ Yes o No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. o Yes þ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. þ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). þ Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes þ No

As of January 28, 2011 (the last business day of the registrant s most recently completed second fiscal quarter), the aggregate market value of capital stock held by non-affiliates of the registrant was approximately $6,343,490,643. There were 320,209,348 shares of capital stock outstanding as of September 15, 2011.

Portions of the Registrant s Proxy Statement for the Annual Meeting of Shareowners to be held on November 17, 2011, are incorporated by reference into Part III.

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PART I

Item 1. *Business*

The Company

Campbell Soup Company, together with its consolidated subsidiaries (Campbell or the company), is a global manufacturer and marketer of high-quality, branded convenience food products. Campbell was incorporated as a business corporation under the laws of New Jersey on November 23, 1922; however, through predecessor organizations, it traces its heritage in the food business back to 1869. The company s principal executive offices are in Camden, New Jersey 08103-1799.

Reportable Segments

Commencing with the 2011 Annual Report on Form 10-K, the company reports the results of operations in the following reportable segments: U.S. Simple Meals; U.S. Beverages; Global Baking and Snacking; International Simple Meals and Beverages; and North America Foodservice. Segment results of prior periods were modified to conform to the current presentation. The company has ten operating segments based on product type and geographic location and has aggregated the operating segments into the appropriate reportable segment based on similar economic characteristics; products; production processes; types or classes of customers; distribution methods; and regulatory environment. See also Note 6 to the Consolidated Financial Statements. The segments are discussed in greater detail below.

U.S. Simple Meals

The U.S. Simple Meals segment aggregates the following operating segments: U.S. Soup and U.S. Sauces. The U.S. Soup retail business includes the following products: *Campbell s* condensed and ready-to-serve soups; and *Swanson* broth and stocks. The U.S. Sauces retail business includes the following products: *Prego* pasta sauce; *Pace* Mexican sauce; *Swanson* canned poultry; and *Campbell s* canned gravies, pasta, and beans.

U.S. Beverages

The U.S. Beverages segment represents the U.S. retail beverages business, including the following products: *V8* juices and beverages and *Campbell s* tomato juice.

Global Baking and Snacking

The Global Baking and Snacking segment aggregates the following operating segments: *Pepperidge Farm* cookies, crackers, bakery and frozen products in U.S. retail; and *Arnott s* biscuits in Australia and Asia Pacific.

International Simple Meals and Beverages

The International Simple Meals and Beverages segment aggregates the simple meals and beverages operating segments outside of the United States, including Europe, Latin America, the Asia Pacific region and the retail business in Canada. The segment s operations include *Erasco* and *Heisse Tasse* soups in Germany, *Liebig* and *Royco* soups in France, *Devos Lemmens* mayonnaise and cold sauces and *Campbell s* and *Royco* soups in Belgium, and *Blå Band* soups and sauces in Sweden. In Asia Pacific, operations include *Campbell s* soup and stock, *Swanson* broths, *V8* beverages and *Prego* pasta sauce. In Canada, operations include *Habitant* and *Campbell s* soups, *Prego* pasta sauce, *Pace* Mexican sauce, *V8* beverages and certain Pepperidge Farm products. The French sauce and mayonnaise business, which was marketed under the *Lesieur* brand and divested on September 29, 2008, was historically included in this segment.

North America Foodservice

The North America Foodservice segment represents the distribution of products such as soup, specialty entrees, beverage products, other prepared foods and Pepperidge Farm products through various food service channels in the United States and Canada.

Ingredients and Packaging

The ingredients and packaging required for the manufacture of the company s food products are purchased from various suppliers. These items are subject to fluctuations in price attributable to a number of factors, including changes in crop size, cattle cycles, product scarcity, demand for raw materials, energy costs, government-sponsored agricultural programs, import and export requirements and weather conditions (including the potential effects of climate change) during the growing and harvesting seasons. To help reduce some of this price volatility, the company uses a combination of purchase orders, short- and long-term contracts and various commodity risk management tools for most of its ingredients and packaging. Ingredient inventories are at a peak during the late fall and decline during the winter and spring. Since many ingredients of suitable quality are available in sufficient quantities only at certain seasons, the company makes commitments for the purchase of such ingredients during their respective seasons. At this time, the company does not anticipate any material restrictions on availability or shortages of ingredients or packaging that would have a significant impact on the company s businesses. For information on the impact of inflation on the company, see Management s Discussion and Analysis of Financial Condition and Results of Operations.

Customers

In most of the company s markets, sales activities are conducted by the company s own sales force and through broker and distributor arrangements. During fiscal 2011, in an effort to enhance merchandising effectiveness and coverage, the company outsourced a larger portion of its U.S. retail merchandising activities to a third party. In the United States, Canada and Latin America, the company s products are generally resold to consumers in retail food chains, mass discounters, mass merchandisers, club stores, convenience stores, drug stores, dollar stores and other retail, commercial and non-commercial establishments. In Europe, the company s products are generally resold to consumers in retail food chains, mass discounters, mass merchandisers, club stores, convenience stores and other retail, commercial and non-commercial establishments. In the Asia Pacific region, the company s products are generally resold to consumers through retail food chains, convenience stores and other retail, commercial and non-commercial establishments. The company makes shipments promptly after receipt and acceptance of orders.

The company s largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 17% of the company s consolidated net sales in fiscal 2011 and 18% during fiscal 2010 and fiscal 2009. All of the company s segments sold products to Wal-Mart Stores, Inc. or its affiliates. No other customer accounted for 10% or more of the company s consolidated net sales.

Trademarks and Technology

As of September 15, 2011, the company owned over 4,100 trademark registrations and applications in over 160 countries and believes that its trademarks are of material importance to its business. Although the laws vary by jurisdiction, trademarks generally are valid as long as they are in use and/or their registrations are properly maintained and have not been found to have become generic. Trademark registrations generally can be renewed indefinitely as long as the trademarks are in use. The company believes that its principal brands, including *Campbell s*, *Erasco*, *Liebig*, *Pepperidge Farm*, *Goldfish*, *V8*, *Pace*, *Prego*, *Swanson*, *Royco* and *Arnott s,* are protected by trademark law in the major markets where they are used. In addition, some of the company s products are sold under brands that have been licensed from third parties.

Although the company owns a number of valuable patents, it does not regard any segment of its business as being dependent upon any single patent or group of related patents. In addition, the company owns copyrights, both registered and unregistered, and proprietary trade secrets, technology, know-how processes, and other intellectual property rights that are not registered.

Competition

The company experiences worldwide competition in all of its principal products. This competition arises from numerous competitors of varying sizes, including producers of generic and private label products, as well as from manufacturers of other branded food products, which compete for trade merchandising support and consumer dollars. As such, the number of competitors cannot be reliably estimated. The principal areas of competition are brand recognition, taste, quality, price, advertising, promotion, convenience and service.

Working Capital

For information relating to the company s cash and working capital items, see Management s Discussion and Analysis of Financial Condition and Results of Operations.

Capital Expenditures

During fiscal 2011, the company s aggregate capital expenditures were $272 million. The company expects to spend approximately $325 million for capital projects in fiscal 2012. Major fiscal 2012 capital projects include an ongoing initiative to simplify the soup-making process in North America (also known as the soup common platform initiative), Pepperidge Farm s new 34,000-square-foot innovation center, packing automation and capacity expansion projects at one of the company s Australian biscuit plants, continued enhancement of the company s corporate headquarters in Camden, New Jersey, and a warehouse automation project at one of the company s North American plants.

Research and Development

During the last three fiscal years, the company s expenditures on research and development activities relating to new products and the improvement and maintenance of existing products were $129 million in 2011, $123 million in 2010, and $114 million in 2009. The increase from 2010 to 2011 was primarily due to costs associated with an ongoing initiative to simplify the soup-making process in North America, costs associated with product innovation in North America, costs associated with a global baked snacks initiative, and the impact of currency, partially offset by cost savings initiatives. The increase from 2009 to 2010 was primarily due to an increase in compensation and benefit costs, costs associated with an initiative to simplify the soup-making process in North America, and the impact of currency. The company conducts this research and development primarily at its headquarters in Camden, New Jersey, although important research and development is undertaken at various other locations inside and outside the United States. On July 12, 2011, as part of its effort to further increase the rate of innovation across its baking and snacking portfolio, the company announced plans to invest more than $30 million to build a new 34,000-squre-foot innovation center at its Pepperidge Farm facility in Norwalk, Connecticut. The project will also include extensive upgrades to Pepperidge Farm s existing headquarters at the site.

Environmental Matters

The company has requirements for the operation and design of its facilities that meet or exceed applicable environmental rules and regulations. Of the company s $272 million in capital expenditures made during fiscal 2011, approximately $18 million was for compliance with environmental laws and regulations in the United States. The company further estimates that approximately $20 million of the capital expenditures anticipated during fiscal 2012 will be for compliance with United States environmental laws and regulations. The company believes that continued compliance with existing environmental laws and regulations (both within the United States and elsewhere) will not have a material effect on capital expenditures, earnings or the competitive position of the company. In addition, the company continues to monitor pending environmental laws and regulations within the United States and elsewhere, including laws and regulations relating to climate change and greenhouse gas emissions. While the impact of these pending laws and regulations cannot be predicted with certainty, the company does not believe that compliance with these pending laws and regulations will have a material effect on capital expenditures, earnings or the competitive position of the company.

Seasonality

Demand for the company s products is somewhat seasonal, with the fall and winter months usually accounting for the highest sales volume due primarily to demand for the company s soup products. Demand for the company s sauce, beverage, baking and snacking products, however, is generally evenly distributed throughout the year.

Employees

On July 31, 2011, there were approximately 17,500 employees of the company.

Financial Information

For information with respect to revenue, operating profitability and identifiable assets attributable to the company s reportable segments and geographic areas, see Note 6 to the Consolidated Financial Statements. Prior periods have been modified in Note 6 to reflect the company s current reporting segments. For risks attendant to the company s foreign operations, see Risk Factors.

Company Website

The company s primary corporate website can be found at www.campbellsoupcompany.com. The company makes available free of charge at this website (under the Investor Center Financial Information SEC Filings caption) all of its reports (including amendments) filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, including its annual report on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K. These reports are made available on the website as soon as reasonably practicable after their filing with, or furnishing to, the Securities and Exchange Commission.

Item 1A. ***Risk Factors***

In addition to the factors discussed elsewhere in this Report, the following risks and uncertainties could materially adversely affect the company s business, financial condition and results of operations. Additional risks and uncertainties not presently known to the company or that the company currently deems immaterial also may impair the company s business operations and financial condition.

The company operates in a highly competitive industry

The company operates in the highly competitive food industry and experiences worldwide competition in all of its principal products. The principal areas of competition are brand recognition, taste, quality, price, advertising, promotion, convenience and service. A number of the company s primary competitors have substantial financial, marketing and other resources. A strong competitive response from one or more of these competitors to the company s marketplace efforts, or a consumer shift towards private label offerings, could result in the company reducing pricing, increasing marketing or other expenditures, and/or losing market share.

The company faces risks related to recession, financial and credit market disruptions and other economic conditions

Customer and consumer demand for the company s products may be impacted by recession or other economic downturns in the United States or other nations. Similarly, disruptions in financial and credit markets may impact the company s ability to manage normal commercial relationships with its customers, suppliers and creditors. In addition, changes in any one of the following factors in the United States or other nations, whether due to recession, financial and credit market disruptions or other reasons, could impact the company: tax rates, interest rates or equity markets.

Increased regulation could adversely affect the company s business or financial results

The manufacture and marketing of food products is extensively regulated. The primary areas of regulation include the processing, packaging, storage, distribution, advertising, labeling, quality and safety of the company s food products, as well as the health and safety of the company s employees and the protection of the environment. In the United States, the company is subject to regulation by various government agencies, including the Food and Drug Administration, the U.S. Department of Agriculture, the Federal Trade Commission, the Occupational Safety and Health Administration and the Environmental Protection Agency, as well as various state and local agencies. The company is also regulated by similar agencies outside the United States and by voluntary organizations, such as the National Advertising Division and the Children s Food and Beverage Advertising Initiative of the Council of

Better Business Bureaus. Changes in regulatory requirements (such as proposed requirements designed to restrict food marketing), or evolving interpretations of existing regulatory requirements, may result in increased compliance cost, capital expenditures and other financial obligations that could adversely affect the company s business or financial results.

Fluctuations in foreign currency exchange rates could adversely affect the company s results

The company holds assets and incurs liabilities, generates revenue, and pays expenses in a variety of currencies other than the U.S. dollar, primarily the Australian dollar, Canadian dollar, and the euro. The company s consolidated financial statements are presented in U.S. dollars, and therefore the company must translate its assets, liabilities, sales and expenses into U.S. dollars for external reporting purposes. As a result, changes in the value of the U.S. dollar may materially and negatively affect the value of these items in the company s consolidated financial statements, even if their value has not changed in their original currency.

The company s results may be adversely impacted by increases in the price of raw and packaging materials

The raw and packaging materials used in the company s business include tomato paste, grains, beef, poultry, vegetables, steel, glass, paper and resin. Many of these materials are subject to price fluctuations from a number of factors, including product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, weather conditions (including the potential effects of climate change), import and export requirements and changes in government-sponsored agricultural programs. To the extent any of these factors result in an increase in raw and packaging material prices, the company may not be able to offset such increases through productivity or price increases or through its commodity hedging activity.

Price increases may not be sufficient to cover increased costs, or may result in declines in sales volume due to pricing elasticity in the marketplace

The company intends to pass along to customers some or all cost increases in raw and packaging materials and other inputs through increases in the selling prices of some of its products. Higher product prices may result in reductions in sales volume. To the extent the price increases are not sufficient to offset increased raw and packaging materials and other inputs costs, and/or if they result in significant decreases in sales volume, the company s business results and financial condition may be adversely affected.

The company s results are dependent on successful marketplace initiatives and acceptance by consumers of the company s products, including new products or packaging introductions

The company s results are dependent on successful marketplace initiatives and acceptance by consumers of the company s products. The company s product introductions and product improvements, along with its other marketplace initiatives, are designed to capitalize on customer or consumer trends. In order to remain successful, the company must anticipate and react to these trends and develop new products or processes to address them. While the company devotes significant resources to meeting this goal, the company may not be successful in developing new products or processes, or its new products or processes may not be accepted by customers or consumers.

The company may be adversely impacted by increased liabilities and costs related to its defined benefit pension plans

The company sponsors a number of defined benefit pension plans for employees in the United States and various non-U.S. locations. The major defined benefit pension plans are funded with trust assets invested in a globally diversified portfolio of securities and other investments. Changes in regulatory requirements or the market value of plan assets, investment returns, interest rates and mortality rates may affect the funded status of the company s defined benefit pension plans and cause volatility in the net periodic benefit cost, future funding requirements of the plans and the funded status as recorded on the balance sheet. A significant increase in the company s obligations or future funding requirements could have a material adverse effect on the financial results of the company.

The company may be adversely impacted by the increased significance of some of its customers

The retail grocery trade continues to consolidate. These consolidations have produced large, sophisticated customers with increased buying power and negotiating strength who may seek lower prices or increased promotional programs funded by their suppliers. These customers may also in the future use more of their shelf space, currently used for the company s products, for their private label products. If the company is unable to use its scale, marketing expertise, product innovation and category leadership positions to respond to these customer initiatives, the company s business or financial results could be negatively impacted. In addition, the disruption of sales to any of the company s large customers for an extended period of time could adversely affect the company s business or financial results.

The company may be adversely impacted by inadequacies in, or failure of, its information technology systems

Each year the company engages in several billion dollars of transactions with its customers and vendors. Because the amount of dollars involved is so significant, the company s information technology resources must provide connections among its marketing, sales, manufacturing, logistics, customer service, and accounting functions. If the company does not allocate and effectively manage the resources necessary to build and sustain an appropriate technology infrastructure and to maintain the related computerized and manual control processes, the company s business or financial results could be negatively impacted. Furthermore, the company s information technology systems may be vulnerable to security breaches or other system failures. If the company is unable to prevent such security breaches or system failures, the company s business or financial results could be negatively impacted.

The company may not properly execute, or realize anticipated cost savings or benefits from, its ongoing supply chain, information technology or other initiatives

The company s success is partly dependent upon properly executing, and realizing cost savings or other benefits from, its ongoing supply chain, information technology and other initiatives. These initiatives are primarily designed to make the company more efficient in the manufacture and distribution of its products, which is necessary in the company s highly competitive industry. These initiatives are often complex, and a failure to implement them properly may, in addition to not meeting projected cost savings or benefits, result in an interruption to the company s sales, manufacturing, logistics, customer service or accounting functions.

Disruption to the company s supply chain could adversely affect its business

Damage or disruption to the company s suppliers or to the company s manufacturing or distribution capabilities due to weather, natural disaster, fire, terrorism, pandemic, strikes, or other reasons could impair the company s ability to manufacture and/or sell its products. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, particularly when a product is sourced from a single location, could adversely affect the company s business or financial results.

The company may be adversely impacted by the failure to execute acquisitions and divestitures successfully

From time to time, the company undertakes acquisitions or divestitures. The success of any such acquisition or divestiture depends, in part, upon the company s ability to identify suitable buyers or sellers, negotiate favorable contractual terms and, in many cases, obtain governmental approval. For acquisitions, success is also dependent upon efficiently integrating the acquired business into the company s existing operations, successfully managing new risks associated with the acquired business and achieving expected returns and other benefits. Acquisitions outside the United States may present unique challenges or increase the company s exposure to risks associated with foreign operations, including foreign currency risks and the risks of complying with foreign regulations. Finally, for acquisitions, the company may incur substantial additional indebtedness, which could adversely impact its credit rating. In cases where acquisitions or divestitures are not successfully implemented or completed, the company s business or financial results could be negatively impacted.

The company s results may be impacted negatively by political conditions in the nations where the company does business

The company is a global manufacturer and marketer of high-quality, branded convenience food products. Because of its global reach, the company s performance may be impacted negatively by politically motivated factors, such as unfavorable changes in tariffs or export and import restrictions, in the nations where it does business. The company may also be impacted by political instability, civil disobedience, armed hostilities and terrorist acts in the nations where it does business.

If the company s food products become adulterated or are mislabeled, the company might need to recall those items and may experience product liability claims if consumers are injured

The company may need to recall some of its products if they become adulterated or if they are mislabeled. The company may also be liable if the consumption of any of its products causes injury. A widespread product recall could result in significant losses due to the costs of a recall, the destruction of product inventory and lost sales due to the unavailability of product for a period of time. The company could also suffer losses from a significant product liability judgment against it. A significant product recall or product liability case could also result in adverse publicity, damage to the company s reputation and a loss of consumer confidence in the company s products. In addition, the company s results could be adversely affected if consumers lose confidence in the safety and quality of the company s products, ingredients or packaging, even in the absence of a recall or a product liability case. Adverse publicity about the company s products, whether or not valid, may discourage consumers from buying the company s products.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

The company s principal executive offices and main research facilities are company-owned and located in Camden, New Jersey. The following table sets forth the company s principal manufacturing facilities and the business segment that primarily uses each of the facilities:

Principal Manufacturing Facilities

Inside the U.S.

California
Dixon (USSM/USB)
Sacramento (USSM/USB/ISMB)
Stockton (USSM/USB)

Connecticut
Bloomfield (GBS)

Florida
Lakeland (GBS)

Illinois
Downers Grove (GBS)

New Jersey
South Plainfield (USSM/USB)
East Brunswick (GBS)

North Carolina
Maxton (USSM/ISMB)

Ohio
Napoleon (USSM/USB/NAFS/ISMB)
Willard (GBS)

Pennsylvania
Denver (GBS)
Downingtown (GBS/NAFS)

South Carolina
Aiken (GBS)

Texas
Paris (USSM/USB/ISMB)

Utah
Richmond (GBS)

Washington
Everett (NAFS)

Wisconsin
Milwaukee (USSM)

Outside the U.S.

Australia
Huntingwood (GBS)
Marleston (GBS)
Shepparton (ISMB)
Virginia (GBS)

Belgium
Puurs (ISMB)

Canada
Toronto (USSM/ISMB/NAFS)

France
LePontet (ISMB)

Germany
Luebeck (ISMB)

Indonesia
Jawa Barat (GBS)

Malaysia
Selangor Darul Ehsan (ISMB)

Mexico
Villagran (ISMB)

Sweden
Kristianstadt (ISMB)

USSM U.S. Simple Meals
USB U.S. Beverages
GBS Global Baking and Snacking
ISMB International Simple Meals and Beverages
NAFS North America Foodservice

Each of the foregoing manufacturing facilities is company-owned, except that the Selangor Darul Ehsan, Malaysia, facility, and the East Brunswick, New Jersey, facility are leased. The company also operates retail bakery thrift stores in the United States and other plants, facilities and offices at various locations in the United States and abroad, including additional executive offices in Norwalk, Connecticut; Puurs, Belgium; and North Strathfield, Australia. The company is evaluating the transfer of ownership of the Kristianstadt, Sweden, facility to a third party in fiscal 2012 as part of a contract manufacturing arrangement. The Marshall, Michigan, facility was closed in fiscal 2011, and the Utrecht, Netherlands, facility was sold in fiscal 2011.

Management believes that the company s manufacturing and processing plants are well maintained and are generally adequate to support the current operations of the businesses.

Item 3. ***Legal Proceedings***

None.

Item 4. ***Removed and Reserved***

Executive Officers of the Company

The following list of executive officers as of September 15, 2011, is included as an item in Part III of this Form 10-K:

Name	**Present Title**	**Age**	**Year First Appointed Executive Officer**
Mark R. Alexander	Senior Vice President	47	2009
Irene Chang Britt	Senior Vice President	48	2010
Patrick J. Callaghan	Vice President	60	2007
Sean M. Connolly	Senior Vice President	46	2008
Anthony P. DiSilvestro	Senior Vice President Finance	52	2004
Ellen Oran Kaden	Senior Vice President Law and Government Affairs	59	1998
Denise M. Morrison	President and Chief Executive Officer	57	2003
B. Craig Owens	Senior Vice President Chief Financial Officer and Chief Administrative Officer	57	2008
Nancy A. Reardon	Senior Vice President	58	2004
David R. White	Senior Vice President	56	2004

B. Craig Owens served as Executive Vice President and Chief Financial Officer of the Delhaize Group prior to joining the company in 2008. The company has employed Mark R. Alexander, Irene Chang Britt, Patrick J. Callaghan, Sean M. Connolly, Anthony P. DiSilvestro, Ellen Oran Kaden, Denise M. Morrison, Nancy A. Reardon, and David R. White in an executive or managerial capacity for at least five years.

There is no family relationship among any of the company s executive officers or between any such officer and any director that is first cousin or closer. All of the executive officers were elected at the November 2010 meeting of the Board of Directors, and Denise M. Morrison was promoted to President and Chief Executive Officer at the June 2011 meeting.

PART II

Item 5. ***Market for Registrant s Capital Stock, Related Shareowner Matters and Issuer Purchases of Equity Securities***

Market for Registrant s Capital Stock

The company s capital stock is listed and principally traded on the New York Stock Exchange. On September 15, 2011, there were 25,210 holders of record of the company s capital stock. Market price and dividend information with respect to the company s capital stock are set forth in Note 20 to the Consolidated Financial Statements. Future dividends will be dependent upon future earnings, financial requirements and other factors.

Return to Shareowners* Performance Graph

The following graph compares the cumulative total shareowner return (TSR) on the company s stock with the cumulative total return of the Standard & Poor s Packaged Foods Index (the S&P Packaged Foods Group) and the Standard & Poor s 500 Stock Index (the S&P 500). The graph assumes that $100 was invested on July 28, 2006, in each of company stock, the S&P Packaged Foods Group and the S&P 500, and that all dividends were reinvested. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on July 29, 2011.

* Stock appreciation plus dividend reinvestment.

	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Campbell	100	104	102	91	109	**104**
S&P 500	100	116	103	83	94	**112**
S&P Packaged Foods Group	100	114	118	108	126	**152**

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share(2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(3)	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs ($ in Millions)(3)
5/2/11 5/31/11	250,000(4)	$ 33.84(4)	37,740	$ 6
6/1/11 6/30/11	528,000(5)	$ 34.03(5)	104,640	$ 1,002
7/1/11 7/31/11	168,931(6)	$ 34.41(6)	62,160	$ 1,000
Total	946,931	$ 34.05	204,540	$ 1,000

(1) Includes (i) 741,460 shares repurchased in open-market transactions to offset the dilutive impact to existing shareowners of issuances under the company s stock compensation plans, and (ii) 931 shares owned and tendered by employees to satisfy tax withholding obligations on the vesting of restricted shares. Unless otherwise indicated, shares owned and tendered by employees to satisfy tax withholding obligations were purchased at the closing price of the company s shares on the date of vesting.

(2) Average price paid per share is calculated on a settlement basis and excludes commission.

(3) During the fourth quarter of fiscal 2011, the company had two publicly announced share repurchase programs. Under the first program, which was announced on June 30, 2008, the company s Board of Directors authorized the purchase of up to $1.2 billion of company stock through the end of fiscal 2011. The 2008 program was completed during the fourth quarter of fiscal 2011. Under the second program, which was announced on June 23, 2011, the company s Board of Directors authorized the purchase of up to $1 billion of company stock. The 2011 program has no expiration date. In addition to the publicly announced share repurchase programs, the company expects to continue to purchase shares, under separate authorization, as part of its practice of buying back shares sufficient to offset shares issued under incentive compensation plans.

(4) Includes 212,260 shares repurchased in open-market transactions at an average price of $33.84 to offset the dilutive impact to existing shareowners of issuances under the company s stock compensation plans.

(5) Includes 423,360 shares repurchased in open-market transactions at an average price of $34.05 to offset the dilutive impact to existing shareowners of issuances under the company s stock compensation plans.

(6) Includes (i) 105,840 shares repurchased in open-market transactions at an average price of $34.41 to offset the dilutive impact to existing shareowners of issuances under the company s stock compensation plans, and (ii) 931 shares owned and tendered by employees at an average price per share of $34.65 to satisfy tax

withholding requirements on the vesting of restricted shares.

Item 6. ***Selected Financial Data***

FIVE-YEAR REVIEW CONSOLIDATED

Fiscal Year	**2011(1)**	**2010(2)**	**2009(3)**	**2008(4)**	**2007(5)**
		(Millions, except per share amounts)			
Summary of Operations					
Net sales	**$ 7,719**	$ 7,676	$ 7,586	$ 7,998	$ 7,385
Earnings before interest and taxes	**1,279**	1,348	1,185	1,098	1,243
Earnings before taxes	**1,168**	1,242	1,079	939	1,099
Earnings from continuing operations	**802**	844	732	671	792
Earnings from discontinued operations			4	494	62
Net earnings	**802**	844	736	1,165	854
Net earnings attributable to Campbell Soup Company	**805**	844	736	1,165	854
Financial Position					
Plant assets net	**$ 2,103**	$ 2,051	$ 1,977	$ 1,939	$ 2,042
Total assets	**6,862**	6,276	6,056	6,474	6,445
Total debt	**3,084**	2,780	2,624	2,615	2,669
Total equity	**1,096**	929	731	1,321	1,298
Per Share Data					
Earnings from continuing operations attributable to Campbell Soup Company basic	**$ 2.44**	$ 2.44	$ 2.05	$ 1.77	$ 2.02
Earnings from continuing operations attributable to Campbell Soup Company assuming dilution	**2.42**	2.42	2.03	1.75	1.99
Net earnings attributable to Campbell Soup Company basic	**2.44**	2.44	2.06	3.06	2.18
Net earnings attributable to Campbell Soup Company assuming dilution	**2.42**	2.42	2.05	3.03	2.14
Dividends declared	**1.145**	1.075	1.00	0.88	0.80
Other Statistics					
Capital expenditures	**$ 272**	$ 315	$ 345	$ 298	$ 334
Weighted average shares outstanding basic	**326**	340	352	373	386
Weighted average shares outstanding assuming dilution	**329**	343	354	377	392

In the first quarter of fiscal 2010, the company adopted and retrospectively applied new accounting guidance related to a noncontrolling interest in a subsidiary. The guidance requires a noncontrolling interest in a subsidiary to be classified as a separate component of total equity.

In the first quarter of fiscal 2010, the company adopted and retrospectively applied new accounting guidance related to the calculation of earnings per share. The retrospective application of the provision resulted in the following reductions to basic and diluted earnings per share:

	2009	**2008**	**2007**

	Basic	Diluted	Basic	Diluted	Basic	Diluted
Earnings from continuing operations attributable to Campbell Soup Company	$ (.03)	$ (.01)	$ (.03)	$ (.01)	$ (.03)	$ (.01)
Net earnings attributable to Campbell Soup Company	$ (.03)	$ (.01)	$ (.06)	$ (.03)	$ (.03)	$ (.02)

(All per share amounts below are on a diluted basis)

The 2008 fiscal year consisted of fifty-three weeks. All other periods had fifty-two weeks.

(1) The 2011 earnings from continuing operations were impacted by a restructuring charge of $41 million ($.12 per share) associated with initiatives announced in June 2011 to improve supply chain efficiency, reduce overhead costs across the organization and exit the Russian market.

(2) The 2010 earnings from continuing operations were impacted by the following: a restructuring charge of $8 million ($.02 per share) for pension benefit costs associated with the 2008 initiatives to improve operational efficiency and long-term profitability and $10 million ($.03 per share) to reduce deferred tax assets as a result of the U.S. health care legislation enacted in March 2010.

(3) The 2009 earnings from continuing operations were impacted by the following: an impairment charge of $47 million ($.13 per share) related to certain European trademarks and $15 million ($.04 per share) of restructuring-related costs associated with the 2008 initiatives to improve operational efficiency and long-term profitability. The 2009 results of discontinued operations represented a $4 million ($.01 per share) tax benefit related to the sale of the Godiva Chocolatier business.

(4) The 2008 earnings from continuing operations were impacted by the following: a $107 million ($.28 per share) restructuring charge and related costs associated with initiatives to improve operational efficiency and long-term profitability and a $13 million ($.03 per share) benefit from the favorable resolution of a tax contingency. The 2008 results of discontinued operations included a $462 million ($1.20 per share) gain from the sale of the Godiva Chocolatier business.

(5) The 2007 earnings from continuing operations were impacted by the following: a $13 million ($.03 per share) benefit from the reversal of legal reserves due to favorable results in litigation; a $25 million ($.06 per share) benefit from a tax settlement of bilateral advance pricing agreements; and a $14 million ($.04 per share) gain from the sale of an idle manufacturing facility. The 2007 results of discontinued operations included a $24 million ($.06 per share) gain from the sale of the businesses in the United Kingdom and Ireland and a $7 million ($.02 per share) tax benefit from the resolution of audits in the United Kingdom.

Five-Year Review should be read in conjunction with the Notes to Consolidated Financial Statements.

Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations*

Overview

Description of the Company

Campbell Soup Company is a global manufacturer and marketer of high-quality, branded convenience food products. Commencing with the fourth quarter of fiscal 2011, the company reports the results of operations in the following reportable segments: U.S. Simple Meals; U.S. Beverages; Global Baking and Snacking; International Simple Meals and Beverages; and North America Foodservice. Segment results of prior periods were modified to conform to the current presentation. See Note 6 to the Consolidated Financial Statements for additional information on segments.

Key Strategies

In fiscal 2011, management and the Board of Directors conducted a comprehensive review of the company s recent performance and business strategies. In July 2011, the company announced a new strategic framework focused on expansion of its brand and product platforms in its three core categories of simple meals, healthy beverages and baked snacks. The new framework is centered on three growth strategies:

Stabilize and then profitably grow the company s North America soup and simple meals business.

Expand the company s international presence.

Continue to drive growth in the company s healthy beverages and baked snacks businesses.

The new growth strategies are intended to accelerate profitable net sales growth and build the foundation for delivery of sustainable above-average total shareholder returns.

Implementation of the company s new strategic framework will require substantial investment in 2012 to extend product platforms, re-invigorate consumer-focused marketing to expand the equities of its core brands, and drive global expansion. The company expects that these investments will negatively affect financial performance in 2012, but set the stage for profitable growth in 2013 and beyond.

The company is taking a number of steps to stabilize and then revitalize its soup and simple meals business in North America. In the first half of fiscal 2011, the company increased promotional support for its North America soup and simple meals business. This increased support did not deliver anticipated volume gains. Going forward, marketing investment in soup and simple meals will be rebalanced toward a greater emphasis on consumer brand building, with the recognition that this shift may have a short-term negative impact on volume. While it will continue to invest in advertising and innovation focused on maintaining the vitality of existing product lines, the company will devote a greater proportion of its research and development resources than in past years to innovation designed to expand its product platforms and packaging formats in the simple meals category and to reach new consumers and new usage occasions. In the area of health and wellness, the company will emphasize consumer choice. It will continue to offer a significant variety of products to meet the needs of consumers for whom lower sodium is a dietary priority. It will also offer other product propositions intended to appeal to consumers with a variety of health and wellness concerns.

The company plans to expand its presence in international markets by extending its product platforms in its existing categories in its current businesses in Europe and Asia Pacific, and by pursuing growth opportunities in fast-growing markets in Asia and Latin America. The company anticipates that its expansion into new markets will be anchored in external development, with transactions that may include both acquisitions and strategic alliances such as joint ventures and other strategic partnerships. In the People s Republic of China, it will continue to focus on building a soup and simple meals business through the joint venture with Swire Pacific Limited announced in January 2011.

In its healthy beverages business, the company will leverage its differentiating capabilities in the area of fruit and vegetable nutrition to pursue innovation in fast-growing product segments, such as energy drinks and juices, and seek to expand the business in geographies outside of the United States. Growth in baked snacks will be fueled by continuing innovation in adjacent product segments and categories and expanded consumer support. On July 12, 2011, the company announced plans to enhance its innovation capabilities in baked snacks by building a new 34,000-square-foot innovation center at the headquarters of its Pepperidge Farm business in Norwalk, Connecticut.

Executive Summary

This Executive Summary provides significant highlights from the discussion and analysis that follows.

Net sales increased 1% in 2011 to $7.719 billion.

Gross profit, as a percent of sales, decreased to 40.2% from 41.0% a year ago.

Net earnings per share were $2.42 in 2011 and 2010. The current year included $.12 per share of expense from items that impacted comparability. The prior year included $.05 per share of expense from items that impacted comparability, as discussed below.

For 2011, cash from operations increased from $1.057 billion a year ago to $1.142 billion.

Net earnings attributable to Campbell Soup Company 2011 Compared with 2010

The following items impacted the comparability of net earnings and net earnings per share:

In the fourth quarter of fiscal 2011, the company announced a series of initiatives to improve supply chain efficiency and reduce overhead costs across the organization to help fund plans to drive the growth of the business. The company also announced its intent to exit the Russian market. In the fourth quarter of fiscal 2011, the company recorded a restructuring charge of $63 million ($41 million after tax or $.12 per share) related to these initiatives. See Note 7 to the Consolidated Financial Statements and Restructuring Charges for additional information;

In the third quarter of fiscal 2010, the company recorded a restructuring charge of $12 million ($8 million after tax or $.02 per share) for pension benefit costs related to the 2008 initiatives to improve operational efficiency and long-term profitability. See Note 7 to the Consolidated Financial Statements and Restructuring Charges for additional information; and

In the third quarter of fiscal 2010, the company recorded deferred tax expense of $10 million, or $.03 per share, to reduce deferred tax assets as a result of the U.S. health care legislation enacted in March 2010. The law changed the tax treatment of subsidies to companies that provide prescription drug benefits to retirees.

The items impacting comparability are summarized below:

	2011		2010	
	Earnings Impact	EPS Impact	Earnings Impact	EPS Impact
	(Millions, except per share amounts)			
Net earnings	**$ 805**	**$ 2.42**	$ 844	$ 2.42
Restructuring charges	**$ (41)**	**$ (.12)**	$ (8)	$ (.02)
Deferred tax expense from U.S. health care legislation			(10)	(.03)
Impact of significant items on net earnings	**$ (41)**	**$ (.12)**	$ (18)	$ (.05)

Net earnings were $805 million ($2.42 per share) in 2011 and $844 million ($2.42 per share) in 2010. After adjusting for the items impacting comparability, net earnings decreased in 2011 primarily due to a decline in gross margin percentage and lower sales volume, partly offset by lower marketing expenses and the impact of currency. After adjusting for items impacting comparability, earnings per share increased in 2011 due to a reduction in the weighted average diluted shares outstanding, primarily due to share repurchases under the company s strategic share repurchase program.

Net earnings (loss) attributable to noncontrolling interests

The company owns a 60% controlling interest in a joint venture formed with Swire Pacific Limited to support the development of the company s business in China. The joint venture began operations on January 31, 2011, the beginning of the third fiscal quarter. The noncontrolling interest s share in the net loss was included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings.

The company also owns a 70% controlling interest in a Malaysian manufacturing company. Historically, the earnings attributable to the noncontrolling interest were less than $1 million annually and were previously included in Other expenses/(income) in the Consolidated Statements of Earnings. Beginning in the third quarter of fiscal 2011, the earnings attributable to the noncontrolling interest were included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings. The earnings were not material in 2011.

Net earnings attributable to Campbell Soup Company 2010 Compared with 2009

Net earnings were $844 million ($2.42 per share) in 2010 and $736 million ($2.05 per share) in 2009.

In addition to the 2010 items that impacted the comparability of net earnings and net earnings per share previously disclosed, the following items also impacted comparability:

<u>Continuing Operations</u>

In fiscal 2009, the company recorded pre-tax restructuring-related costs of $22 million ($15 million after tax or $.04 per share) in Cost of products sold related to the previously announced initiatives to improve operational efficiency and long-term profitability. See Note 7 to the Consolidated Financial Statements and Restructuring Charges for additional information; and

In the fourth quarter of fiscal 2009, as part of the company s annual review of intangible assets, an impairment charge of $67 million ($47 million after tax or $.13 per share) was recorded in Other expense/(income) related to certain European trademarks, including *Heisse Tasse*, *Blå Band* and *Royco*, used in the International Simple Meals and Beverages segment. See Note 5 to the Consolidated Financial Statements for additional information.

Discontinued Operations

In the second quarter of fiscal 2009, the company recorded a $4 million tax benefit ($.01 per share) related to the sale of the Godiva Chocolatier business.

The items impacting comparability are summarized below:

	2010		2009	
	Earnings Impact	**EPS Impact**	**Earnings Impact**	**EPS Impact**
	(Millions, except per share amounts)			
Earnings from continuing operations	$ 844	$ 2.42	$ 732	$ 2.03
Earnings from discontinued operations	$	$	$ 4	$ .01
Net earnings(1)	$ 844	$ 2.42	$ 736	$ 2.05
Continuing operations:				
Deferred tax expense from U.S. health care legislation	$ (10)	$ (.03)	$	$
Restructuring charges and related costs	(8)	(.02)	(15)	(.04)
Impairment charge			(47)	(.13)
Discontinued operations:				
Tax benefit from the sale of Godiva Chocolatier business	$	$	$ 4	$ .01
Impact of significant items on net earnings	$ (18)	$ (.05)	$ (58)	$ (.16)

(1) The sum of the individual per share amounts does not equal due to rounding.

Earnings from continuing operations were $844 million in 2010 ($2.42 per share) and $732 million ($2.03 per share) in 2009. After adjusting for the items impacting comparability, Earnings from continuing operations increased primarily due to improved gross margin performance and the impact of currency, partially offset by lower sales volume. Earnings per share from continuing operations benefited from a reduction in the weighted average diluted shares outstanding, which was primarily due to share repurchases under the company s strategic share repurchase program.

Earnings from discontinued operations of $4 million in 2009 represented an adjustment to the tax liability associated with the sale of the Godiva Chocolatier business.

Discussion and Analysis

Sales

An analysis of net sales by reportable segment follows:

	2011	2010 (Millions)	2009	% Change 2011/2010	% Change 2010/2009
U.S. Simple Meals	**$ 2,751**	$ 2,938	$ 3,049	(6)	(4)
U.S. Beverages	**759**	762	735		4
Global Baking and Snacking	**2,156**	1,975	1,846	9	7
International Simple Meals and Beverages	**1,463**	1,423	1,357	3	5
North America Foodservice	**590**	578	599	2	(4)
	$ 7,719	$ 7,676	$ 7,586	1	1

An analysis of percent change of net sales by reportable segment follows:

	U.S. Simple Meals	U.S. Beverages	Global Baking and Snacking	International Simple Meals and Beverages	North America Foodservice	Total
2011 versus 2010						
Volume and Mix	(5)%	2%	3%	%	(1)%	(1) %
Price and Sales Allowances			2			1
(Increased)/Decreased Promotional Spending(1)	(1)	(2)	(1)	(1)	2	(1)
Currency			5	4	1	2
	(6)%	%	9%	3%	2%	1%

	U.S. Simple Meals	U.S. Beverages	Global Baking and Snacking	International Simple Meals and Beverages	North America Foodservice	Total
2010 versus 2009						
Volume and Mix	(3)%	6%	2%	(1)%	(5)%	(1)%
Price and Sales Allowances	1	1	1	2	1	1
Increased Promotional Spending(1)	(2)	(3)	(3)	(2)	(1)	(2)
Divestitures/Acquisitions			1	(1)		
Currency			6	7	1	3
	(4)%	4%	7%	5%	(4)%	1%

(1) Represents revenue reductions from trade promotion and consumer coupon redemption programs.

In 2011, U.S. Simple Meals sales decreased 6%. U.S. soup sales decreased 6% reflecting an overall weak economy; a challenging competitive environment in the U.S. food industry; changes in buying patterns among U.S. shoppers, particularly in stock up purchase behavior; and lower levels of product innovation. In this retail environment, the company s high levels of promotional support during the first half of the year did not deliver anticipated volume gains.

Sales of *Campbell s* condensed soups declined 4% primarily due to declines in eating varieties. Sales of eating varieties were negatively impacted by promotional discounting in ready-to-serve soups.

Sales of ready-to-serve soups decreased 9% with declines in both canned and microwavable varieties.

- Broth sales decreased 1%.

Sales of *Prego* pasta sauce and *Pace* Mexican sauce declined due to increased competitive activities.

In 2010, U.S. Simple Meals sales decreased 4%. U.S. soup sales decreased 4%, due to the following:

- Sales of *Campbell s* condensed soups declined 2%, as declines in eating varieties were partially offset by gains in cooking varieties.

- Sales of ready-to-serve soups decreased 9% with declines in both canned and microwavable varieties.

- Broth sales increased 3% reflecting benefits from growth of in-home eating occasions and consumer demand for 100% natural product offerings.

Prego pasta sauce sales increased, reflecting growth of *Prego* Heart Smart varieties, while *Pace* Mexican sauce sales declined.

In 2011, U.S. Beverages sales were comparable to 2010 as increased volume was offset by higher promotional spending. Promotional spending was increased to be more competitive with other beverages. Sales of *V8 Splash* juice drinks and *V8 V-Fusion* juice increased, while sales of *V8* vegetable juice declined.

In 2010, U.S. Beverages sales increased 4% primarily due to higher sales of *V8 V-Fusion* juice and gains in *V8 Splash* juice drinks, partly offset by lower sales of *V8* vegetable juice. *V8 V-Fusion* juice sales increased double digits due to increased advertising and new item launches.

In 2011, Global Baking and Snacking sales increased 9% as both Pepperidge Farm and Arnott s achieved volume gains and also benefited from higher selling prices. Pepperidge Farm sales increased primarily due to growth in *Goldfish* snack crackers and bakery products, including whole-grain bread. In Arnott s, sales increased primarily due to currency, as well as gains in *Shapes*, *Cruskits*, and *Vita-Weat* savory crackers, and chocolate biscuits.

In 2010, Global Baking and Snacking sales increased 7% primarily due to currency. Pepperidge Farm sales were comparable to 2009, as the additional sales from the acquisition of Ecce Panis, Inc. and volume gains were offset by increased promotional spending. Arnott s sales increased due to currency and growth in *Tim Tam* chocolate biscuits and *Shapes* savory crackers.

In 2011, International Simple Meals and Beverages sales increased 3%, primarily due to currency. In Europe, sales declined due to currency. In Asia Pacific, sales increased primarily due to currency and volume-driven gains in Australia. In Canada, sales increased due to currency and volume gains, partially offset by increased promotional spending on soup products to be more competitive with other simple meal products. Sales in Latin America declined.

In 2010, International Simple Meals and Beverages sales increased 5% primarily due to currency, partly offset by the divestiture of the company s French sauce and mayonnaise business in September 2008. In Europe, sales declined, reflecting lower sales in Germany and the impact of the divestiture, partly offset by the impact of currency. In Asia Pacific, sales increased due to currency and volume-driven gains in Japan, Australia and Malaysia. In Canada, sales increased due to currency, partially offset by lower sales volume of ready-to-serve soups.

In 2011, North America Foodservice sales increased 2% primarily due to gains in refrigerated soup.

In 2010, North America Foodservice sales declined 4% primarily due to weakness in the food service sector.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, decreased by $47 million in 2011 from 2010 and increased by $122 million in 2010 from 2009. As a percent of sales, gross profit was 40.2% in 2011, 41.0% in 2010, and 39.9% in 2009.

The 0.8-percentage-point decrease in gross margin percentage in 2011 was due to the following factors:

	Margin Impact
Cost inflation and other factors, including higher plant costs	(2.2)
Higher level of promotional spending	(0.7)
Mix	(0.2)
Productivity improvements	1.9
Higher selling prices	0.4

(0.8)

The 1.1-percentage-point increase in gross margin percentage in 2010 was due to the following factors:

	Margin Impact
Productivity improvements	2.1
Higher selling prices	0.8
Costs in 2009 related to the initiatives to improve operational efficiency and long-term profitability	0.3
Mix	0.1
Higher level of promotional spending	(1.2)
Cost inflation and other factors	(1.0)
	1.1

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 13.0% in 2011, 13.8% in 2010, and 14.2% in 2009. Marketing and selling expenses decreased 5% in 2011 from 2010. The decrease was primarily due to lower advertising expenses (approximately 3 percentage points); lower selling expenses (approximately 2 percentage points); and lower other marketing expenses (approximately 2 percentage points), partly offset by the impact of currency (approximately 2 percentage points). Marketing and selling expenses decreased 2% in 2010 from 2009. The decrease was primarily due to lower advertising and consumer promotion costs (approximately 3 percentage points) and lower marketing expenses (approximately 1 percentage point), partially offset by the impact of currency (approximately 2 percentage points). The lower advertising expenses in 2010 reflected a reduction in media rates and a shift to trade promotion in many of the businesses.

Administrative Expenses

Administrative expenses as a percent of sales were 7.9% in 2011 and in 2010, and 7.8% in 2009. Administrative expenses increased by 1% in 2011 from 2010 primarily due to an increase in pension and health care benefit costs (approximately 2 percentage points); the impact of currency (approximately 2 percentage points); and costs associated with the corporate headquarters facility (approximately 1 percentage point), partially offset by lower compensation costs (approximately 2 percentage points) and cost management efforts and other factors (approximately 2 percentage points). Administrative expenses increased by 2% in 2010 from 2009, primarily due to the impact of currency (approximately 2 percentage points); an increase in compensation and benefit costs, including pension expense (approximately 2 percentage points), partially offset by the company s cost management efforts and other factors (approximately 2 percentage points).

Research and Development Expenses

Research and development expenses increased $6 million or 5% in 2011 from 2010. The increase was primarily due to costs associated with an ongoing initiative to simplify the soup-making process and product innovation in North America (approximately 2 percentage points); costs associated with a global baked snacks initiative (approximately 2 percentage points), and the impact of currency (approximately 2 percentage points), partly offset by costs savings initiatives (approximately 1 percentage point). Research and development expenses increased $9 million or 8% in 2010 from 2009. The increase was primarily due to an increase in compensation and benefit costs (approximately 4 percentage points); costs associated with an initiative to simplify the soup-making process in North America (approximately 2 percentage points); and the impact of currency (approximately 2 percentage points).

Other Expenses/(Income)

Other expense in 2011 included a $3 million impairment charge associated with the *Heisse Tasse* trademark used in the International Simple Meals and Beverages segment. The charge was recorded as a result of the company s annual review of intangible assets. See Note 5 to the Consolidated Financial Statements.

Other expense in 2009 included a $67 million impairment charge associated with certain European trademarks, including *Heisse Tasse*, *Blå Band* and *Royco*. The charge was recorded as a result of the company s annual review of intangible assets and was reflected in the International Simple Meals and Beverages segment. See Note 5 to the Consolidated Financial Statements.

Operating Earnings

Segment operating earnings decreased 1% in 2011 from 2010 and increased 13% in 2010 from 2009. The 2009 results included a $67 million impairment charge.

An analysis of operating earnings by reportable segment follows:

				% Change	
	2011	**2010**	**2009**	**2011/2010**	**2010/2009**
		(Millions)			
U.S. Simple Meals	**$ 657**	$ 737	$ 749	(11)	(2)
U.S. Beverages	**182**	206	178	(12)	16
Global Baking and Snacking	**355**	322	265	10	22
International Simple Meals and Beverages(1)	**185**	161	69	15	133
North America Foodservice	**82**	55	53	49	4
Segment operating earnings	**1,461**	1,481	1,314	(1)	13
Unallocated corporate expenses	**(119)**	(121)	(107)		
Restructuring charges and related costs(2)	**(63)**	(12)	(22)		
Earnings before interest and taxes	**$ 1,279**	$ 1,348	$ 1,185		

(1) The International Simple Meals and Beverages segment included a $67 million impairment charge in 2009 on certain European trademarks. See Note 5 to the Consolidated Financial Statements for additional information.

(2) See Note 7 to the Consolidated Financial Statements for additional information on restructuring charges and related costs. Beginning in 2011, segment operating performance is evaluated excluding restructuring charges. Prior periods were modified to conform to the current presentation. See Note 6 to the Consolidated Financial Statements.

Earnings from U.S. Simple Meals decreased 11% in 2011 versus 2010. The decline was primarily due to lower sales and a reduced gross margin percentage, partially offset by lower marketing and selling expenses. In the first half of 2011, in response to the overall competitive environment, the company maintained higher levels of promotional support, which did not deliver anticipated volume gains.

Earnings from U.S. Simple Meals decreased 2% in 2010 versus 2009. The decrease was due to a decline in U.S. Soup, resulting from lower sales, partly offset by lower advertising costs. Earnings from U.S. Sauces increased primarily due to an improvement in gross margin percentage and lower advertising costs, partially offset by lower sales.

Earnings from U.S. Beverages decreased 12% in 2011 versus 2010 primarily due to increased promotional spending.

Earnings from U.S. Beverages increased 16% in 2010 versus 2009 primarily due to an improvement in gross margin percentage and higher sales.

Earnings from Global Baking and Snacking increased 10% in 2011 versus 2010. The increase was primarily due to the impact of currency and volume-driven growth in both Pepperidge Farm and Arnott s.

Earnings from Global Baking and Snacking increased 22% in 2010 versus 2009. The increase in operating earnings was due to the impact of currency and earnings growth in Pepperidge Farm and Arnott s.

Earnings from International Simple Meals and Beverages increased to $185 million in 2011 from $161 million in 2010. The increase was primarily due to growth in the Asia Pacific region, the impact of currency and reduced investment in Russia.

Earnings from International Simple Meals and Beverages increased to $161 million in 2010 from $69 million in 2009. Earnings in 2009 included a $67 million impairment charge on certain European trademarks, including *Heisse Tasse*, *Blå Band* and *Royco*. Excluding the impairment charge, the increase in operating earnings was primarily due to the impact of currency and growth in the businesses in Europe as well as Asia Pacific, partially offset by declines in Canada.

Earnings from North America Foodservice increased to $82 million in 2011 from $55 million in 2010 primarily due to reduced promotional spending, productivity improvements in excess of inflation, and lower administrative expense.

Earnings from North America Foodservice increased to $55 million in 2010 from $53 million in 2009 due primarily to cost reduction efforts.

Unallocated corporate expenses decreased $2 million from $121 million in 2010 to $119 million in 2011.

Unallocated corporate expenses increased from $107 million in 2009 to $121 million in 2010. The increase was primarily due to foreign exchange gains recorded in 2009 and higher equity-related benefit costs in 2010.

Interest Expense/Income

Interest expense increased to $122 million in 2011 from $112 million in 2010 primarily due to an increase in fixed-rate debt and higher debt levels. Interest income increased to $11 million in 2011 from $6 million in 2010 primarily due to higher levels of cash and cash equivalents.

Interest expense increased to $112 million in 2010 from $110 million in 2009 primarily due to an increase in fixed-rate debt and higher average debt levels, partially offset by lower average short-term rates. Interest income increased to $6 million in 2010 from $4 million in 2009 primarily due to higher levels of cash and cash equivalents.

Taxes on Earnings

The effective tax rate was 31.3% in 2011, 32.0% in 2010, and 32.2% in 2009. The reduction in the effective tax rate in 2011 from 2010 was primarily due to $10 million of deferred tax expense recognized in 2010 as a result of the enactment of U.S. health care legislation. The law changed the tax treatment of subsidies to companies that provide prescription drug benefits to retirees. The company recorded the adjustment to reduce the value of the deferred tax asset associated with the subsidy.

In addition to the deferred tax expense recognized in 2010 related to the enactment of health care legislation, the change in the effective tax rate from 2009 to 2010 was impacted by additional tax expense in 2009 associated with the repatriation of foreign earnings.

Restructuring Charges

2011 Initiatives

On June 28, 2011, the company announced a series of initiatives to improve supply chain efficiency and reduce overhead costs across the organization to help fund plans to drive the growth of the business. The company also announced its intent to exit the Russian market. The company expects to eliminate approximately 750 positions in connection with these initiatives. Details of the plans include:

In Australia, the company will invest in a new system to automate packing operations at its biscuit plant in Virginia. This investment will occur over an 18-month period and will result in the elimination of approximately 190 positions, subject to union and employee consultations. Further, the company will improve asset utilization in the U.S. by shifting production of ready-to-serve soups from Paris, Texas, to other facilities in 2012. In addition, the manufacturing facility in Marshall, Michigan, was closed in 2011, and manufacturing of *Campbell s Soup at Hand* microwavable products will be consolidated at the Maxton, North Carolina, plant in 2012.

The company streamlined its salaried workforce by approximately 510 positions around the world, including approximately 130 positions at its world headquarters in Camden, New Jersey. These actions were substantially completed in 2011. As part of this initiative, the company outsourced a larger portion of its U.S. retail merchandising activities to its current retail sales agent, Acosta Sales and Marketing, and eliminated approximately 190 positions. The company expects that this action will enhance merchandising effectiveness and coverage for its U.S. customers.

In connection with exiting the Russian market, the company will eliminate approximately 50 positions. The exit process commenced in 2011 and is expected to be completed in fiscal 2012.

In 2011, the company recorded a restructuring charge of $63 million ($41 million after tax or $.12 per share) related to these initiatives. A summary of the pre-tax charge and remaining costs associated with the initiatives is as follows:

	Total Program	Recognized as of July 31, 2011	Remaining Costs to be Recognized
		(Millions)	
Severance pay and benefits	$ 40	$ (37)	$ 3
Asset impairment/accelerated depreciation	25	(22)	3
Other exit costs	10	(4)	6
Total	$ 75	$ (63)	$ 12

Of the aggregate $75 million of pre-tax costs, the company expects approximately $50 million will be cash expenditures, the majority of which will be spent in 2012. In addition, the company expects to invest approximately $40 million in capital expenditures in connection with the actions. The cash outflows related to these programs are not expected to have a material adverse impact on the company s liquidity. The initiatives are expected to be completed by the end of fiscal 2013.

The initiatives included in this program are expected to generate annual pre-tax cash savings of approximately $60 million beginning in fiscal 2012 and increasing to approximately $70 million in fiscal 2014.

The total pre-tax costs of $75 million associated with each segment are expected to be as follows: U.S. Simple Meals $33 million, U.S. Beverages $3 million, Global Baking and Snacking $15 million, International Simple Meals and Beverages $18 million, North America Foodservice $1 million, and Corporate $5 million. Segment operating results do not include restructuring charges as segment performance is evaluated excluding such charges.

2008 Initiatives

On April 28, 2008, the company announced a series of initiatives to improve operational efficiency and long-term profitability, including selling certain salty snack food brands and assets in Australia, closing certain production facilities in Australia and Canada, and streamlining the company s management structure.

As a result of these initiatives, in 2009, the company recorded approximately $22 million ($15 million after tax or $.04 per share) of costs in Cost of products sold. Approximately $17 million ($12 million after tax) of the costs represented accelerated depreciation on property, plant and equipment; approximately $4 million ($2 million after tax) related to other exit costs; and approximately $1 million related to employee severance and benefit costs, including other pension charges.

As a result of these initiatives, in 2010, the company recorded a restructuring charge of $12 million ($8 million after tax or $.02 per share) for pension benefit costs, which represented the final costs associated with the 2008 initiatives.

Details of the impact of the initiatives on fiscal 2010 and 2009 results are as follows:

In April 2008, as part of the initiatives, the company announced plans to close the Listowel, Ontario, Canada food plant. The Listowel facility produced primarily frozen products, including soup, entrees, and Pepperidge Farm products, as well as ramen noodles. The facility employed approximately 500 people. The company closed the facility in April 2009. Production was transitioned to its network of North American contract manufacturers and to its Downingtown, Pennsylvania, plant. In connection with this action in 2009, the company recorded $1 million of employee severance and benefit costs, including other pension charges; $16 million ($11 million after tax) in accelerated depreciation of property, plant and equipment; and $2 million ($1 million after tax) of other exit costs. In 2010, the company recorded a restructuring charge of $12 million ($8 million after tax) for pension benefit costs, which represented the final costs associated with the initiatives.

In April 2008, as part of the initiatives, the company also announced plans to discontinue the private label biscuit and industrial chocolate production at its Miranda, Australia, facility. The company closed the Miranda facility, which employed approximately 150 people, in the second quarter of 2009. In connection with this action in 2009, the company recorded $1 million in accelerated depreciation of property, plant and equipment and $2 million ($1 million after tax) of other exit costs.

In aggregate, the company incurred pre-tax costs of $216 million in 2008 through 2010 associated with the initiatives. Approximately $40 million of the costs were cash expenditures, the majority of which was spent in 2009.

In aggregate, the company incurred pre-tax costs of $216 million in 2008 through 2010 by segment as follows: Global Baking and Snacking $147 million, International Simple Meals and Beverages $9 million and North America Foodservice $60 million.

See Note 7 to the Consolidated Financial Statements for additional information.

Discontinued Operations

On March 18, 2008, the company completed the sale of its Godiva Chocolatier business for $850 million, pursuant to a Stock Purchase Agreement dated December 20, 2007. The purchase price was subject to certain post-closing adjustments, which resulted in an additional $20 million of proceeds. In fiscal 2009, the company recognized a $4 million tax benefit as a result of an adjustment to the tax liability associated with the sale.

Liquidity and Capital Resources

The company expects that foreseeable liquidity and capital resource requirements, including cash outflows to repurchase shares, pay dividends and fund pension plan contributions, will be met through anticipated cash flows from operations; long-term borrowings under its shelf registration statement; short-term borrowings, including commercial paper; and cash and cash equivalents. Over the last three years, operating cash flows totaled approximately $3.4 billion. This cash-generating capability provides the company with substantial financial flexibility in meeting its operating and investing needs. The company expects that its sources of financing are adequate to meet its future liquidity and capital resource requirements. The cost and terms of any future financing arrangements may be negatively impacted by capital and credit market disruptions and will depend on the market conditions and the company   s financial position at the time.

The company generated cash from operations of $1.142 billion in 2011, compared to $1.057 billion in 2010. The increase was primarily due to lower pension contributions and higher cash earnings, partially offset by higher working capital requirements.

The company generated cash from operations of $1.057 billion in 2010, compared to $1.166 billion in 2009. The decline was primarily due to a $260 million contribution to a U.S. pension plan in 2010, partially offset by improvements in working capital requirements.

Capital expenditures were $272 million in 2011, $315 million in 2010, and $345 million in 2009. Capital expenditures are expected to total approximately $325 million in 2012. Capital expenditures in 2011 included the expansion of beverage capacity (approximately $6 million); the ongoing implementation of SAP (approximately

$13 million); expenditures at the company s corporate headquarters (approximately $6 million); Pepperidge Farm s new 34,000-square-foot innovation center (approximately $5 million); expansion of Pepperidge Farm s production capacity (approximately $5 million) and a number of infrastructure projects in the U.S. supply chain (approximately $31 million). Capital expenditures in 2010 included expansion and enhancements of the company s corporate headquarters (approximately $36 million); expansion of Arnott s production capacity (approximately $21 million); the ongoing implementation of SAP in Australia and New Zealand (approximately $15 million) and expansion of Pepperidge Farm s production capacity (approximately $14 million). Capital expenditures in 2009 included expansion of the U.S. beverage production capacity (approximately $54 million) and expansion and enhancements of the company s corporate headquarters (approximately $20 million).

Business acquired, as presented in the Statements of Cash Flows, represented the acquisition of the Ecce Panis, Inc. business in the fourth quarter of 2009.

Net cash used in investing activities in 2009 included $38 million of proceeds from the sale of the sauce and mayonnaise business in France, net of cash divested.

Long-term borrowings in 2011 included the issuance in April of $500 million of 4.25% notes which mature on April 15, 2021. Long-term borrowings in 2010 included the issuance in July of $400 million of 3.05% notes that mature in July 2017. Long-term borrowings in 2009 included the issuance in January of $300 million of 4.5% notes that mature in February 2019 and the issuance in July of $300 million of 3.375% notes that mature in August 2014. The net proceeds from these issuances were used for the repayment of commercial paper borrowings and for other general corporate purposes.

Dividend payments were $378 million in 2011, $365 million in 2010, and $350 million in 2009. Annual dividends declared in 2011 were $1.145 per share, $1.075 per share in 2010, and $1.00 per share in 2009. The 2011 fourth quarter rate was $0.29 per share.

Excluding shares owned and tendered by employees to satisfy tax withholding requirements on the vesting of restricted shares and for stock option exercises, the company repurchased 21 million shares at a cost of $728 million during 2011. Approximately 16 million of the shares repurchased in 2011 were repurchased pursuant to the company s June 2008 publicly announced share repurchase program. Under this program, the company s Board of Directors authorized the purchase of up to $1.2 billion of company stock through the end of fiscal 2011. This program was completed in fiscal 2011. In June 2011, the company s Board of Directors authorized the purchase of up to $1 billion of company stock. This program has no expiration date. In addition to these publicly announced share repurchase programs, the company also purchased shares to offset the impact of dilution from shares issued under the company s stock compensation plans. The company expects to continue this practice in the future. See Market for Registrant s Capital Stock, Related Shareowner Matters and Issuer Purchases of Equity Securities for more information.

Excluding shares owned and tendered by employees to satisfy tax withholding requirements on the vesting of restricted shares and for stock option exercises, the company repurchased 14 million shares at a cost of $472 million during 2010. Approximately 7 million of the shares repurchased in 2010 were repurchased pursuant to the company s June 2008 publicly announced share repurchase program. In addition to the June 2008 publicly announced share repurchase program, the company also purchased shares to offset the impact of dilution from shares issued under the company s stock compensation plans.

Excluding shares owned and tendered by employees to satisfy tax withholding requirements on the vesting of restricted shares, the company repurchased 17 million shares at a cost of $527 million during 2009. Approximately 13 million of the shares repurchased in 2009 were repurchased pursuant to the company s June 2008 publicly announced share repurchase program. In addition to the June 2008 publicly announced share repurchase program, the company also purchased shares to offset the impact of dilution from shares issued under the company s stock compensation plans.

At July 31, 2011, the company had $657 million of short-term borrowings due within one year and $45 million of standby letters of credit issued on behalf of the company. The company had a $975 million committed revolving credit facility that matured in September 2011, and a $975 million revolving credit facility that was due to mature in September 2013. The facilities were unused at July 31, 2011, except for $3 million of standby letters of credit issued on behalf of the company. In September 2011, the company entered into committed revolving credit facilities totaling $2.0 billion. The facilities are comprised of a $1.5 billion facility that matures in September 2016, and a $500 million, 364-day facility that contains a one-year term-out feature. These facilities replaced the two $975 million revolving credit facilities. These revolving credit agreements support the company s commercial paper programs and other general corporate purposes.

In November 2008, the company filed a registration statement with the Securities and Exchange Commission that registered an indeterminate amount of debt securities. Under the registration statement, the company may issue debt securities, depending on market conditions.

The company is in compliance with the covenants contained in its revolving credit facilities and debt securities.

Contractual Obligations and Other Commitments

Contractual Obligations

The following table summarizes the company s obligations and commitments to make future payments under certain contractual obligations. For additional information on debt, see Note 13 to the Consolidated Financial Statements. Operating leases are primarily entered into for warehouse and office facilities and certain equipment. Purchase commitments represent purchase orders and long-term purchase arrangements related to the procurement of ingredients, supplies, machinery, equipment and services. These commitments are not expected to have a material impact on liquidity. Other long-term liabilities primarily represent payments related to deferred compensation obligations. For additional information on other long-term liabilities, see Note 19 to the Consolidated Financial Statements.

	Contractual Payments Due by Fiscal Year				
	Total	2012	2013 - 2014 (Millions)	2015 - 2016	Thereafter
Debt obligations(1)	$ 3,057	$ 657	$ 700	$ 300	$ 1,400
Interest payments(2)	645	110	174	130	231
Purchase commitments	1,043	695	146	73	129
Operating leases	206	45	63	46	52
Derivative payments(3)	149	60	75	14	
Other long-term liabilities(4)	168	48	29	23	68
Total long-term cash obligations	$ 5,268	$ 1,615	$ 1,187	$ 586	$ 1,880

(1) Excludes unamortized net discount/premium on debt issuances and amounts related to interest rate swaps designated as fair-value hedges. For additional information on debt obligations, see Note 13 to the Consolidated Financial Statements.

(2) Interest payments for short-term borrowings are calculated based on par values and rates of contractually obligated issuances at fiscal year end. Interest payments on long-term debt are based on principal amounts and fixed coupon rates at fiscal year end.

(3) Represents payments of cross-currency swaps, forward exchange contracts, commodity contracts, and deferred compensation hedges. Contractual payments for cross-currency swaps represent future undiscounted cash payments based on forward interest and foreign exchange rates.

(4) Represents other long-term liabilities, excluding unrecognized tax benefits, postretirement benefits and payments related to pension plans. For additional information on pension and postretirement benefits, see Note 11 to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements and Other Commitments

The company guarantees approximately 2,000 bank loans to Pepperidge Farm independent sales distributors by third-party financial institutions used to purchase distribution routes. The maximum potential amount of the future payments the company could be required to make under the guarantees is $162 million. The company s guarantees are indirectly secured by the distribution routes. The company does not believe that it is probable that it will be required to make guarantee payments as a result of defaults on the bank loans guaranteed. In connection with the sale of certain Australian salty snack food brands and assets, the company agreed to provide a loan facility to the buyer of AUD $10 million, or approximately USD $10 million. The facility was drawn down in AUD $5 million increments in 2009. Borrowings under the facility are to be repaid in 2013. See also Note 18 to the Consolidated Financial Statements for information on off-balance sheet arrangements.

Inflation

In fiscal 2011, inflation was higher than fiscal 2010 and primarily impacted Cost of products sold, although it did not increase at percentages similar to fiscal 2009. Inflation, on average, was higher in fiscal 2009 and primarily impacted Cost of products sold. In fiscal 2010, inflation was not as significant. The company uses a number of strategies to mitigate the effects of cost inflation. These strategies include increasing prices, commodity hedging and pursuing cost productivity initiatives such as global procurement strategies and making capital investments that improve the efficiency of operations.

Market Risk Sensitivity

The principal market risks to which the company is exposed are changes in foreign currency exchange rates, interest rates and commodity prices. In addition, the company is exposed to equity price changes related to certain deferred 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 31% of 2011 net sales, are concentrated principally in Australia, Canada, France, Germany and Belgium. The company manages its foreign currency exposures by borrowing in various foreign currencies and utilizing cross-currency swaps and forward contracts. Cross-currency 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. The company also enters into commodity futures and option contracts to reduce the volatility of price fluctuations of diesel fuel, wheat, natural gas, soybean oil, aluminum, sugar, cocoa, and corn, which impact the cost of raw materials.

The information below summarizes the company s market risks associated with debt obligations and other significant financial instruments as of July 31, 2011. Fair values included herein have been determined based on quoted market prices or pricing models using current market rates. The information presented below should be read in conjunction with Notes 13 through 15 to the Consolidated Financial Statements.

The table below presents principal cash flows and related interest rates by fiscal year of maturity for debt obligations. Interest rates disclosed on variable-rate debt maturing in 2011 represent the weighted-average rates 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 weighted-average forward rates for the term of each contract.

	Expected Fiscal Year of Maturity							
	2012	**2013**	**2014**	**2015**	**2016**	**Thereafter**	**Total**	**Fair Value**
				(Millions)				
Debt(1)								
Fixed rate	$ 2	$ 400	$ 300	$ 300	$	$ 1,400	$ 2,402	$ 2,603
Weighted-average interest rate	3.29%	5.00%	4.88%	3.38%		4.62%	4.56%	
Variable rate	$ 655(2)						$ 655	$ 655
Weighted-average interest rate	1.19%						1.19%	
Interest Rate Swaps								
Fixed to variable		$ 300(3)	$ 200(4)				$ 500	$ 33
Average pay rate		1.00%	0.94%				0.97%	
Average receive rate		5.00%	4.88%				4.95%	

(1) Excludes unamortized net premium/discount on debt issuances and amounts related to interest rate swaps designated as fair-value hedges.

(2) Represents $563 million of USD borrowings and $92 million equivalent of borrowings in other currencies.

(3) Swaps $300 million of 5.00% notes due in 2013.

(4) Swaps $200 million of 4.875% notes due in 2014.

As of August 1, 2010, fixed-rate debt of approximately $2.6 billion with an average interest rate of 5.21% and variable-rate debt of approximately $130 million with an average interest rate of 1.47% were outstanding. As of August 1, 2010, the company had swapped $500 million of fixed-rate debt to variable. The average rate to be received on these swaps was 4.95% and the average rate paid was estimated to be 1.38% over the remaining life of the swaps.

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 following table summarizes the cross-currency swaps outstanding as of July 31, 2011, 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

	Fiscal Year of Expiration	Interest Rate	Notional Value	Fair Value
			(Millions)	
Pay variable EUR Receive variable USD	2012	1.46% 0.37%	$ 69	$ (1)
Pay variable EUR Receive variable USD	2012	1.48% 0.37%	$ 61	$ (1)
Pay fixed EUR Receive fixed USD	2012	4.33% 5.11%	$ 102	$ (8)
Pay variable CAD Receive variable USD	2012	1.71% 0.62%	$ 82	$ (7)
Pay variable CAD Receive variable USD	2012	1.75% 0.52%	$ 37	$ (8)
Pay variable EUR Receive variable USD	2013	2.24% 1.24%	$ 21	$ (1)
Pay variable AUD Receive variable USD	2013	5.68% 1.11%	$ 133	$ (33)
Pay variable EUR Receive variable USD	2013	2.17% 1.26%	$ 41	$ (5)
Pay fixed CAD Receive fixed USD	2013	0.82% 0.33%	$ 158	$ 1
Pay fixed CAD Receive fixed USD	2014	6.24% 5.66%	$ 60	$ (30)
Pay variable AUD	2015	6.13%	$ 133	$ (35)

Receive variable USD	1.94%		
Total		$ 897	$ (128)

The cross-currency swap contracts outstanding at August 1, 2010 represented four pay variable EUR/receive variable USD swaps with notional values totaling $200 million, one pay fixed EUR/receive fixed USD swap with a notional value of $102 million, two pay variable CAD/receive variable USD swaps with notional values totaling $119 million, two pay variable AUD/receive variable USD swaps with notional values totaling $266 million, and one pay fixed CAD/receive fixed USD swap with a notional value of $60 million. The aggregate notional value of these swap contracts was $747 million as of August 1, 2010, and the aggregate fair value of these swap contracts was a loss of $21 million as of August 1, 2010.

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 exchange forward purchase and sale contracts to hedge these exposures. The following table summarizes the foreign exchange forward contracts outstanding and the related weighted-average contract exchange rates as of July 31, 2011.

Forward Exchange Contracts

	Contract Amount (Millions)	**Average Contractual Exchange Rate (currency paid/ currency received)**
Receive USD/Pay CAD	$ 139	0.98
Receive AUD/Pay NZD	$ 44	1.30
Receive USD/Pay AUD	$ 30	1.02
Receive EUR/Pay SEK	$ 16	9.12

The company had an additional $22 million in a number of smaller contracts to purchase or sell various other currencies, such as the Australian dollar, British Pound, euro, and Japanese yen, as of July 31, 2011. The aggregate fair value of all contracts was a loss of $9 million as of July 31, 2011. The total forward exchange contracts outstanding were $271 million and the aggregate fair value was not material as of August 1, 2010.

The company enters into commodity futures and options contracts to reduce the volatility of price fluctuations for commodities. The notional value of these contracts was $87 million and the aggregate fair value of these contracts was a gain of $1 million as of July 31, 2011. The notional value of these contracts was $50 million and the aggregate fair value of these contracts was a gain of $3 million as of August 1, 2010.

The company enters into swap contracts which hedge a portion of exposures relating to certain deferred compensation obligations linked to the total return of the Standard & Poor s 500 Index, the total return of the company s capital stock and the total return of the Puritan Fund, or beginning in January 2011, the total return of the Vanguard International Stock Index. Under these contracts, the company pays variable interest rates and receives from the counterparty either the total return of the Standard & Poor s 500 Index, the total return on company capital stock, the total return of the Puritan Fund, or the total return of the iShares MSCI EAFE Index, which is expected to approximate the total return of the Vanguard International Stock Index. The notional value of the contract that is linked to the return on the Standard & Poor s 500 Index was $16 million at July 31, 2011 and $12 million at August 1, 2010. The average forward interest rate applicable to the contract, which expires in 2012, was 0.59% at July 31, 2011. The notional value of the contract that is linked to the total return on company capital stock was $51 million at July 31, 2011 and $54 million at August 1, 2010. The average forward interest rate applicable to this contract, which expires in 2012, was 0.99% at July 31, 2011. The notional value of the contract that was linked to the return on the Puritan Fund was $9 million at August 1, 2010. The contract related to the Puritan Fund matured in January 2011. The notional value of the contract that is linked to the total return of the iShares MSCI EAFE Index was $4 million at July 31, 2011. The average forward interest rate applicable to this contract, which expires in 2012, was 0.74% at July 31, 2011. The fair value of these contracts was a $3 million loss at July 31, 2011 and a $2 million loss at August 1, 2010.

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, debt repayment and debt issuances, 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 the 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 programs The company offers various sales incentive programs to customers and consumers, such as feature price discounts, in-store display incentives, cooperative advertising programs, new product introduction fees, and coupons. The mix between promotion programs, which are classified as reductions in revenue, and advertising or other marketing activities, which are classified as marketing and selling expenses, fluctuates between periods based on the company s overall marketing plans, and such fluctuations have an impact on revenues. The measurement and recognition of the costs for trade and consumer promotion programs involves the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors. Typically, programs that are offered have a very short duration. Historically, the difference between actual experience compared to estimated redemptions and performance has not been significant to the quarterly or annual financial statements. However, actual expenses may differ if the level of redemption rates and performance were to vary from estimates.

Valuation of long-lived assets Fixed assets and amortizable intangible assets are reviewed for impairment as events or changes in circumstances occur indicating that the carrying value of the asset may not be recoverable. Undiscounted cash flow analyses are used to determine if an impairment exists. If an impairment is determined to exist, the loss is calculated based on estimated fair value.

Goodwill and indefinite-lived intangible assets are tested at least annually for impairment, or as events or changes in circumstances occur indicating that the carrying amount of the asset may not be recoverable.

Goodwill impairment testing first requires a comparison of the fair value of each reporting unit to the carrying value. A reporting unit represents an operating segment or a component of an operating segment. Fair value is determined based on discounted cash flow analyses. The discounted estimates of future cash flows include significant management assumptions such as revenue growth rates, operating margins, weighted average cost of capital, and future economic and market conditions. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired. The amount of the impairment is the difference between the carrying value of the goodwill and the implied fair value, which is calculated as if the reporting unit had just been acquired and accounted for as a business combination. As of July 31, 2011, the carrying value of goodwill was $2.133 billion. The company has not recognized any impairment of goodwill as a result of annual testing, which began in 2003. As of the 2011 measurement, the fair value of each reporting unit exceeded the carrying value by at least 80%. Holding all other assumptions used in the 2011 measurement constant, a 100-basis-point increase in the weighted average cost of capital would not result in the carrying value of any reporting unit to be in excess of the fair value.

Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Fair value is determined based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average cost of capital, and assumed royalty rates. If the fair value is less than the carrying value, the asset is reduced to fair value. As of July 31, 2011, the carrying value of trademarks was $515 million. In 2011, as part of the company s annual review of intangible assets, an impairment charge of $3 million was recognized related to the *Heisse Tasse* trademark used in the International Simple Meals and Beverages segment. The trademark was determined to be impaired as a result of a decrease in the fair value of the brand, resulting from reduced expectations for future sales and discounted cash flows in comparison to the prior year. As of July 31, 2011, certain European trademarks have a carrying value of approximately $100 million, which approximates fair value. Holding all other assumptions used in the 2011 measurement constant, a 100-basis-point increase in the weighted average cost of capital would reduce the fair value of all trademarks and result in an impairment charge of approximately $21 million. In 2009, as part of the company s annual review of intangible assets, an impairment charge of $67 million was recognized related to certain European trademarks used in the International Simple Meals and Beverages segment, including *Heisse Tasse*, *Blå Band* and *Royco*. The trademarks were determined to be impaired as a result of a decrease in the fair value of the brands, resulting from reduced expectations for discounted cash flows in comparison to prior year. The reduction was due in part to a deterioration in market conditions and an increase in the weighted average cost of capital. See Note 5 to the Consolidated Financial Statements for additional information on goodwill and intangible assets.

The estimates of future cash flows involve considerable management judgment and are based upon assumptions about expected future operating performance, economic conditions, market conditions, and cost of capital. Inherent in estimating the future cash flows are uncertainties beyond the company s control, such as capital markets. The actual cash flows could differ from management s estimates due to changes in business conditions, operating performance, and economic conditions.

Pension and postretirement 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.

The discount rate is established as of the company s fiscal year-end measurement date. In establishing the discount rate, the company reviews published market indices of high-quality debt securities, adjusted as appropriate for duration. In addition, independent actuaries apply high-quality bond yield curves to the expected benefit payments of the plans. The expected return on plan assets is a long-term assumption based upon historical experience and expected future performance, considering the company s current and projected investment mix. This estimate is based on an estimate of future inflation, long-term projected real returns for each asset class, and a premium for active management. Within any given fiscal period, significant differences may arise between the actual return and the expected return on plan assets. The value of plan assets, used in the calculation of pension expense, is determined on a calculated method that recognizes 20% of the difference between the actual fair value of assets and the expected calculated method. Gains and losses resulting from differences between actual experience and the assumptions are determined at each measurement date. If the net gain or loss exceeds 10% of the greater of plan assets or liabilities, a portion is amortized into earnings in the following year.

Net periodic pension and postretirement expense was $98 million in 2011, $92 million in 2010, and $53 million in 2009. The 2010 expense included $12 million of pension settlement costs related to the closure of a plant in Canada. Significant weighted-average assumptions as of the end of the year are as follows:

	2011	**2010**	**2009**
Pension			
Discount rate for benefit obligations	**5.41%**	5.46%	6.00%
Expected return on plan assets	**7.90%**	8.15%	8.13%
Postretirement			
Discount rate for obligations	**5.00%**	5.25%	6.00%
Initial health care trend rate	**8.25%**	8.25%	8.25%
Ultimate health care trend rate	**4.50%**	4.50%	4.50%

Estimated sensitivities to annual net periodic pension cost are as follows: a 50-basis-point reduction in the discount rate would increase expense by approximately $14 million; a 50-basis-point reduction in the estimated return on assets assumption would increase expense by approximately $12 million. A one-percentage-point increase in assumed health care costs would increase postretirement service and interest cost by approximately $1 million.

Net periodic pension and postretirement expense is expected to increase to approximately $103 million in 2012 primarily due to increased amortization of unrecognized losses.

The company contributed $100 million to U.S. pension plans in 2011. Given the adverse impact of declining financial markets on the funding levels of the plans, the company contributed $260 million to a U.S. plan in 2010. Contributions to non-U.S. plans were $44 million in 2011, $24 million in 2010, and $13 million in 2009. The company contributed $55 million to U.S. plans in the first quarter of 2012. Additional contributions to U.S. plans are not expected in 2012. Contributions to non-U.S. plans are expected to be approximately $10 million in 2012.

See also Note 11 to the Consolidated Financial Statements for additional information on pension and postretirement expenses.

Income taxes The effective tax rate reflects statutory tax rates, tax planning opportunities available in the various jurisdictions in which the company operates and management s estimate of the ultimate outcome of various tax audits and issues. Significant judgment is required in determining the effective tax rate and in evaluating tax positions. Income taxes are recorded based on amounts refundable or payable in the current year and include the effect of deferred taxes. Deferred tax assets and liabilities are recognized for the future impact of differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, as well as for 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 differences are expected to be recovered or settled. Valuation allowances are established for deferred tax assets when it is more likely than not that a tax benefit will not be realized.

See also Notes 1 and 12 to the Consolidated Financial Statements for further discussion on income taxes.

Recent Accounting Pronouncements

In addition to the guidance related to the calculation of earnings per share described in Note 9 to the Consolidated Financial Statements, recent accounting pronouncements are as follows:

In December 2007, the Financial Accounting Standards Board (FASB) issued authoritative guidance which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It requires a noncontrolling interest in a subsidiary, which was formerly known as minority interest, to be classified as a separate component of total equity in the consolidated financial statements. The company retrospectively adopted the new noncontrolling interest guidance in the first quarter of fiscal 2010. The adoption did not have a material impact on the financial statements. See Note 10 to the Consolidated Financial Statements for additional information.

In June 2009, the FASB issued authoritative guidance that changed the consolidation model for variable interest entities. The provisions were effective for the first quarter of fiscal 2011. The adoption did not have a material impact on the company s consolidated financial statements.

In January 2010, the FASB issued additional authoritative guidance related to fair value measurements and disclosures. The guidance requires disclosure of details of significant transfers in and out of Level 1 and Level 2 fair value measurements. Level 1 fair value measurements are based on unadjusted quoted market prices. Level 2 fair value measurements are based on significant inputs, other than Level 1, that are observable for the asset/liability through corroboration with observable market data. The guidance also clarifies the existing disclosure requirements for the level of disaggregation of fair value measurements and the disclosures on inputs and valuation techniques. The company adopted these provisions in the third quarter of fiscal 2010. The adoption did not have a material impact on the consolidated financial statements. In addition, the guidance requires a gross presentation of the activity within the Level 3 roll forward, separately presenting information about purchases, sales, issuances and settlements. The roll forward information must be provided by the company for the first quarter of fiscal 2012, as the provision is effective for annual reporting periods beginning after December 15, 2010 and for interim reporting periods within those years.

In November 2010, the FASB issued additional authoritative guidance clarifying the required disclosures of supplementary pro forma information for business combinations. The guidance is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010.

In December 2010, the FASB issued additional authoritative guidance on accounting for goodwill. The guidance clarifies the impairment test for reporting units with zero or negative carrying amounts. The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2011. The company does not expect the adoption to have a material impact on the consolidated financial statements.

In May 2011, the FASB issued further additional authoritative guidance related to fair value measurements and disclosures. The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between accounting principles generally accepted in the United States (U.S. GAAP) and International Financial Reporting Standards (IFRS). The guidance is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2011. The company is assessing the impact of the guidance.

In June 2011, the FASB issued authoritative guidance requiring entities to present net income and other comprehensive income (OCI) in one continuous statement or two separate, but consecutive, statements of net income and comprehensive income. The option to present items of OCI in the statement of changes in equity has been eliminated. The new requirements are effective for annual reporting periods beginning after December 15, 2011 and for interim reporting periods within those years.

See also Note 2 to the Consolidated Financial Statements for further discussion on new accounting standards.

Cautionary Factors That May Affect Future Results

This 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. 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 in Part I, Item 1A and elsewhere in the commentary, or in other Securities and Exchange Commission filings of the company, could affect the company s actual results and could cause such results to vary materially from those expressed in any forward-looking statements made by, or on behalf of, the company:

- the impact of strong competitive response to the company s efforts to leverage its brand power with product innovation, promotional programs and new advertising, 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, shelving initiatives, new product introductions, and pricing and promotional strategies;

- the company s ability to achieve sales and earnings guidance, which is based on assumptions about sales volume, product mix, the development and success of new products, the impact of marketing, promotional and pricing actions, product costs and currency;

- the company s ability to realize projected cost savings and benefits;

- the company s ability to successfully manage changes to its business processes, including selling, distribution, manufacturing, information management systems and the integration of acquisitions;

- the increased significance of certain of the company s key trade customers;

- the impact of inventory management practices by the company s trade customers;

- the impact of fluctuations in the supply and inflation in energy, raw and packaging materials cost;

- the impact associated with portfolio changes and completion of acquisitions and divestitures;

- the uncertainties of litigation described from time to time in the company s Securities and Exchange Commission filings;

- the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions and other external factors; and

- the impact of unforeseen business disruptions in one or more of the company s markets due to political instability, civil disobedience, armed hostilities, natural disasters 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.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

The information presented in the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations Market Risk Sensitivity is incorporated herein by reference.

Item 8. ***Financial Statements and Supplementary Data***

CAMPBELL SOUP COMPANY

Consolidated Statements of Earnings

	2011	2010	2009
	(Millions, except per share amounts)		
Net sales	**$ 7,719**	$ 7,676	$ 7,586
Costs and expenses			
Cost of products sold	**4,616**	4,526	4,558
Marketing and selling expenses	**1,007**	1,058	1,077
Administrative expenses	**612**	605	591
Research and development expenses	**129**	123	114
Other expenses / (income)	**13**	4	61
Restructuring charges	**63**	12	
Total costs and expenses	**6,440**	6,328	6,401
Earnings before interest and taxes	**1,279**	1,348	1,185
Interest expense	**122**	112	110
Interest income	**11**	6	4
Earnings before taxes	**1,168**	1,242	1,079
Taxes on earnings	**366**	398	347
Earnings from continuing operations	**802**	844	732
Earnings from discontinued operations			4
Net earnings	**802**	844	736
Less: Net earnings (loss) attributable to noncontrolling interests	**(3)**		
Net earnings attributable to Campbell Soup Company	**$ 805**	$ 844	$ 736
Per Share Basic			
Earnings from continuing operations attributable to Campbell Soup Company	**$ 2.44**	$ 2.44	$ 2.05
Earnings from discontinued operations attributable to Campbell Soup Company			0.01
Net earnings attributable to Campbell Soup Company	**$ 2.44**	$ 2.44	$ 2.06
Weighted average shares outstanding basic	**326**	340	352
Per Share Assuming Dilution			
Earnings from continuing operations attributable to Campbell Soup Company	**$ 2.42**	$ 2.42	$ 2.03

Earnings from discontinued operations attributable to Campbell Soup Company			0.01
Net earnings attributable to Campbell Soup Company	**$ 2.42**	$ 2.42	$ 2.05
Weighted average shares outstanding assuming dilution	**329**	343	354

The sum of individual per share amounts does not equal due to rounding.

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY

Consolidated Balance Sheets

	July 31, 2011	August 1, 2010
	(Millions, except per share amounts)	
Current assets		
Cash and cash equivalents	**$ 484**	$ 254
Accounts receivable	**560**	512
Inventories	**767**	724
Other current assets	**152**	197
Total current assets	**1,963**	1,687
Plant assets, net of depreciation	**2,103**	2,051
Goodwill	**2,133**	1,919
Other intangible assets, net of amortization	**527**	509
Other assets	**136**	110
Total assets	**$ 6,862**	$ 6,276
Current liabilities		
Short-term borrowings	**$ 657**	$ 835
Payable to suppliers and others	**585**	545
Accrued liabilities	**619**	560
Dividend payable	**95**	95
Accrued income taxes	**33**	30
Total current liabilities	**1,989**	2,065
Long-term debt	**2,427**	1,945
Deferred taxes	**367**	258
Other liabilities	**983**	1,079
Total liabilities	**5,766**	5,347
Campbell Soup Company shareowners equity		
Preferred stock; authorized 40 shares; none issued		
Capital stock, $.0375 par value; authorized 560 shares; issued 542 shares	**20**	20
Additional paid-in capital	**331**	341
Earnings retained in the business	**9,185**	8,760
Capital stock in treasury, at cost	**(8,021)**	(7,459)
Accumulated other comprehensive loss	**(427)**	(736)
Total Campbell Soup Company shareowners equity	**1,088**	926

Noncontrolling interests	**8**	3
Total equity	**1,096**	929
Total liabilities and equity	**$ 6,862**	$ 6,276

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY

Consolidated Statements of Cash Flows

	2011	2010 (Millions)	2009
Cash flows from operating activities:			
Net earnings	**$ 802**	$ 844	$ 736
Adjustments to reconcile net earnings to operating cash flow			
Impairment charge			67
Restructuring charges	**63**	12	
Stock-based compensation	**87**	88	84
Depreciation and amortization	**268**	251	264
Deferred income taxes	**46**	54	144
Other, net	**108**	99	57
Changes in working capital			
Accounts receivable	**(15)**	21	27
Inventories	**(14)**	105	(14)
Prepaid assets	**19**	(9)	28
Accounts payable and accrued liabilities	**(26)**	(34)	(125)
Pension fund contributions	**(144)**	(284)	(13)
Receipts from/(payments of) hedging activities	**3**	(20)	(44)
Other	**(55)**	(70)	(45)
Net cash provided by operating activities	**1,142**	1,057	1,166
Cash flows from investing activities:			
Purchases of plant assets	**(272)**	(315)	(345)
Sales of plant assets	**9**	13	1
Business acquired			(66)
Sale of business, net of cash divested			38
Other, net	**2**	2	(6)
Net cash used in investing activities	**(261)**	(300)	(378)
Cash flows from financing activities:			
Net short-term borrowings (repayments)	**495**	(265)	(320)
Long-term borrowings	**500**	400	600
Repayments of notes payable	**(700)**		(300)
Dividends paid	**(378)**	(365)	(350)
Treasury stock purchases	**(728)**	(472)	(527)
Treasury stock issuances	**96**	139	72
Excess tax benefits on stock-based compensation	**11**	11	18
Contribution from noncontrolling interest	**10**		
Other, net	**(6)**	(4)	(7)
Net cash used in financing activities	**(700)**	(556)	(814)

Effect of exchange rate changes on cash		**49**		2		(4)
Net change in cash and cash equivalents		**230**		203		(30)
Cash and cash equivalents beginning of period		**254**		51		81
Cash and cash equivalents end of period	**$**	**484**	$	254	$	51

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY

Consolidated Statements of Equity

	Campbell Soup Company Shareowners Equity								
	Capital Stock				Additional Paid-in	Earnings Retained in the	Accumulated Other Comprehensive Income	Noncontrolling	Total
	Issued		In Treasury						
	Shares	Amount	Shares	Amount	Capital	Business	(Loss)	Interests	Equity
	(Millions, except per share amounts)								
Balance at August 3, 2008	542	$ 20	(186)	$ (6,812)	$ 337	$ 7,909	$ (136)	$ 3	$ 1,321
Comprehensive income (loss)									
Net earnings (loss)						736			736
Foreign currency translation adjustments, net of tax							(148)		(148)
Cash-flow hedges, net of tax							(25)		(25)
Pension and postretirement benefits, net of tax							(409)		(409)
Other comprehensive income (loss)							(582)		(582)
Total comprehensive income (loss)									154
Dividends ($1.00 per share)						(357)			(357)
Treasury stock purchased			(17)	(527)					(527)
Treasury stock issued under management incentive and stock option plans			4	145	(5)				140
Balance at August 2, 2009	542	20	(199)	(7,194)	332	8,288	(718)	3	731

Comprehensive income (loss)									
Net earnings (loss)						844			844
Foreign currency translation adjustments, net of tax							39		39
Cash-flow hedges, net of tax							2		2
Pension and postretirement benefits, net of tax							(59)		(59)
Other comprehensive income (loss)							(18)		(18)
Total comprehensive income (loss)									826
Dividends ($1.075 per share)						(372)			(372)
Treasury stock purchased			(14)	(472)					(472)
Treasury stock issued under management incentive and stock option plans			7	207	9				216
Balance at August 1, 2010	542	20	(206)	(7,459)	341	8,760	(736)	3	929
Contribution from noncontrolling interest								**8**	**8**
Comprehensive income (loss)									
Net earnings (loss)						**805**		**(3)**	**802**
Foreign currency translation adjustments, net of tax							**264**		**264**
Cash-flow hedges, net of tax							**(2)**		**(2)**
Pension and postretirement benefits, net of tax							**47**		**47**
Other comprehensive income (loss)							**309**		**309**

Total comprehensive income (loss)									**1,111**
Dividends ($1.145 per share)						**(380)**			**(380)**
Treasury stock purchased			**(21)**	**(728)**					**(728)**
Treasury stock issued under management incentive and stock option plans			**5**	**166**	**(10)**				**156**
Balance at July 31, 2011	**542**	**$ 20**	**(222)**	**$ (8,021)**	**$ 331**	**$ 9,185**	**$ (427)**	**$ 8**	**$ 1,096**

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(currency in millions, except per share amounts)

1. Summary of Significant Accounting Policies

Campbell Soup Company, together with its subsidiaries (the company), is a global manufacturer and marketer of high-quality, branded convenience food products.

Basis of Presentation The consolidated financial statements include the accounts of the company and entities in which the company maintains a controlling financial interest. Intercompany transactions are eliminated in consolidation. Certain amounts in prior-year financial statements were reclassified to conform to the current-year presentation. The company s fiscal year ends on the Sunday nearest July 31. There were 52 weeks in 2011, 2010 and 2009.

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.

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. Revenues are recognized net of provisions for returns, discounts and allowances. Certain sales promotion expenses, such as feature price discounts, in-store display incentives, cooperative advertising programs, new product introduction fees and coupon redemption costs, are classified as a reduction of sales. The recognition of costs for promotion programs involves the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors. Costs are recognized either upon sale or when the incentive is offered, based on the program.

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

Inventories All inventories are valued at the lower of average cost or market.

Property, Plant and Equipment Property, plant and equipment are recorded at historical cost and are depreciated over estimated useful lives using the straight-line method. Buildings and machinery and equipment are depreciated over periods not exceeding 45 years and 20 years, respectively. Assets are evaluated for impairment when conditions indicate that the carrying value may not be recoverable. Such conditions include significant adverse changes in business climate or a plan of disposal. Repairs and maintenance are charged to expense.

Goodwill and Intangible Assets Goodwill and indefinite-lived intangible assets are not amortized but rather are tested at least annually for impairment. Goodwill and indefinite-lived intangible assets are also tested for impairment as events or changes in circumstances occur indicating that the carrying value may not be recoverable. Intangible assets with finite lives are amortized over the estimated useful life and are also reviewed when appropriate for possible impairment. Goodwill impairment testing first requires a comparison of the fair value of each reporting unit to the carrying value. A reporting unit is an operating segment or a component of an operating segment. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired. The amount of the impairment is the difference between the carrying value of goodwill and the implied fair value, which is calculated as if the reporting unit had just been acquired and accounted for as a business combination. Impairment testing for indefinite-lived intangible assets requires a comparison between the fair value and carrying value of the asset. If carrying value exceeds the fair value, the asset is reduced to fair value. Fair values are primarily determined using discounted cash flow analyses. See Note 5 for information on goodwill and other intangible assets.

Derivative Financial Instruments The company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in foreign currency exchange rates, interest rates, commodities and equity-linked employee benefit obligations. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The company s derivative programs include strategies that both qualify and do not qualify for hedge accounting treatment. To

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

qualify for hedge accounting, the hedging relationship, both at inception of the hedge and on an ongoing basis, shall be expected to be highly effective in achieving offsetting changes in the fair value of the hedged risk during the period that the hedge is designated.

All derivatives are recognized on the balance sheet at fair value. For derivatives that qualify for hedge accounting, on the date the derivative contract is entered into, the company designates the derivative as a hedge of the fair value of a recognized asset or liability or a firm commitment (fair-value hedge), 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), or a hedge of a net investment in a foreign operation. Some derivatives may also be considered natural hedging instruments (changes in fair value act as economic offsets to changes in fair value of the underlying hedged item) and are not designated for hedge accounting.

Changes in the fair value of a fair-value hedge, along with the gain or loss on the underlying hedged asset or liability (including losses or gains on firm commitments), are recorded in current-period earnings. The effective portion of gains and losses on cash-flow hedges are recorded in other comprehensive income (loss), until earnings are affected by the variability of cash flows. If the underlying hedged item ceases to exist, all changes in the fair value of the derivative are included in earnings each period until the instrument matures. If 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 other comprehensive income (loss). Any ineffective portion of designated hedges is recognized in current-period earnings. Changes in the fair value of derivatives that are not designated for hedge accounting are recognized in current-period earnings.

Cash flows from derivative contracts are included in Net cash provided by operating activities.

Advertising Production Costs Advertising production costs are expensed in the period that the advertisement first takes place.

Research and Development Costs The costs of research and development are expensed as incurred. Costs include expenditures for new product and manufacturing process innovation, and improvements to existing products and processes. Costs primarily consist of salaries, wages, consulting, and depreciation and maintenance of research facilities and equipment.

Income Taxes Deferred tax assets and liabilities are recognized for the future impact of differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, as well as for 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.

2. Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board (FASB) issued authoritative guidance which establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It requires a noncontrolling interest in a subsidiary, which was formerly known as minority interest, to be classified as a separate component of total equity in the consolidated financial statements. The company retrospectively adopted the new noncontrolling interest guidance in the first quarter of fiscal 2010. The adoption did not have a material impact on the financial statements. See Note 10 for additional information.

In December 2007, the FASB issued authoritative guidance for business combinations, which establishes the principles and requirements for how an acquirer recognizes the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date with limited exceptions. The guidance requires acquisition-related transaction costs to be expensed as incurred rather than capitalized as a component of the business combination. The provisions as revised were effective as of the first quarter of fiscal 2010 and will be applied to any business combinations entered into thereafter.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In September 2006, the FASB issued authoritative guidance for fair value measurements, which establishes a definition of fair value, provides a framework for measuring fair value and expands the disclosure requirements about fair value measurements. This guidance does not require any new fair value measurements but rather applies to all other accounting pronouncements that require or permit fair value measurements. In February 2008, the FASB issued authoritative guidance which delayed by a year the effective date for certain nonfinancial assets and liabilities. The company adopted the provisions of the guidance for financial assets and liabilities in the first quarter of fiscal 2009. The adoption did not have a material impact on the consolidated financial statements. The company adopted the remaining provisions in the first quarter of fiscal 2010 for nonfinancial assets and liabilities, including goodwill and intangible assets. The adoption likewise did not have a material impact on the consolidated financial statements. See Note 15 for additional information.

In June 2008, the FASB issued authoritative guidance related to the calculation of earnings per share. The guidance provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. Upon adoption, a company is required to retrospectively adjust its earnings per share data (including any amounts related to interim periods, summaries of earnings and selected financial data) to conform with the new provisions. The company adopted the guidance in the first quarter of fiscal 2010. Prior periods have been restated. See Note 9 for additional information.

In December 2008, the FASB issued additional authoritative guidance related to employers disclosures about the plan assets of defined benefit pension or other postretirement plans. The required disclosures include a description of how investment allocation decisions are made, major categories of plan assets, valuation techniques used to measure the fair value of plan assets, the impact of measurements using significant unobservable inputs and concentrations of risk within plan assets. The disclosures about plan assets required by this additional guidance must be provided for fiscal years ending after December 15, 2009. The company adopted the provisions in fiscal 2010. See Note 11 for additional information.

In January 2010, the FASB issued additional authoritative guidance related to fair value measurements and disclosures. The guidance requires disclosure of details of significant transfers in and out of Level 1 and Level 2 fair value measurements. Level 1 fair value measurements are based on unadjusted quoted market prices. Level 2 fair value measurements are based on significant inputs, other than Level 1, that are observable for the asset/liability through corroboration with observable market data. The guidance also clarifies the existing disclosure requirements for the level of disaggregation of fair value measurements and the disclosures on inputs and valuation techniques. The company adopted these provisions in the third quarter of fiscal 2010. The adoption did not have a material impact on the consolidated financial statements. In addition, the guidance requires a gross presentation of the activity within the Level 3 roll forward, separately presenting information about purchases, sales, issuances and settlements. The roll forward information must be provided by the company for the first quarter of fiscal 2012, as the provision is effective for annual reporting periods beginning after December 15, 2010 and for interim reporting periods within those years.

In June 2009, the FASB issued authoritative guidance that changed the consolidation model for variable interest entities. The provisions were effective for the first quarter of fiscal 2011. The adoption did not have a material impact on the company s consolidated financial statements.

In November 2010, the FASB issued additional authoritative guidance clarifying the required disclosures of supplementary pro forma information for business combinations. The guidance is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010.

In December 2010, the FASB issued additional authoritative guidance on accounting for goodwill. The guidance clarifies the impairment test for reporting units with zero or negative carrying amounts. The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2011. The company does not expect the adoption to have a material impact on the company s consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In May 2011, the FASB issued further additional authoritative guidance related to fair value measurements and disclosures. The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between accounting principles generally accepted in the United States (U.S. GAAP) and International Financial Reporting Standards (IFRS). The guidance is effective for fiscal years and interim reporting periods within those years beginning after December 15, 2011. The company is assessing the impact of the guidance.

In June 2011, the FASB issued authoritative guidance requiring entities to present net income and other comprehensive income (OCI) in one continuous statement or two separate, but consecutive, statements of net income and comprehensive income. The option to present items of OCI in the statement of changes in equity has been eliminated. The new requirements are effective for annual reporting periods beginning after December 15, 2011 and for interim reporting periods within those years.

3. Divestitures

Discontinued Operations

On March 18, 2008, the company completed the sale of its Godiva Chocolatier business for $850. The purchase price was subject to certain post-closing adjustments, which resulted in an additional $20 of proceeds. The company has reflected the results of this business as discontinued operations in the consolidated statements of earnings. The company used approximately $600 of the net proceeds to purchase company stock. The company recognized a $4 benefit in 2009 as a result of an adjustment to the tax liability associated with the sale.

Other Divestitures

In July 2008, the company entered into an agreement to sell its sauce and mayonnaise business comprised of products sold under the *Lesieur* brand in France. The company recorded a pre-tax impairment charge of $2 to adjust the net assets to estimated realizable value in 2008. The sale was completed on September 29, 2008 and resulted in $36 of proceeds. The purchase price was subject to working capital and other post-closing adjustments, which resulted in an additional $6 of proceeds. The business was historically included in the International Simple Meals and Beverages segment.

The company has provided certain indemnifications in connection with the divestitures. Known exposures related to such matters are not material.

4. Comprehensive Income

Total comprehensive income is comprised of net earnings, net foreign currency translation adjustments, pension and postretirement benefit adjustments (see Note 11), and net unrealized gains and losses on cash-flow hedges (see Note 14). Total comprehensive income for the twelve months ended July 31, 2011, August 1, 2010, and August 2, 2009 was $1,111, $826, and $154, respectively.

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

	2011	2010

Foreign currency translation adjustments, net of tax(1)	**$ 396**	$ 132
Cash-flow hedges, net of tax(2)	**(20)**	(18)
Unamortized pension and postretirement benefits, net of tax(3):		
Net actuarial loss	**(809)**	(856)
Prior service credit	**6**	6
Total Accumulated other comprehensive loss	**$ (427)**	$ (736)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Includes a tax expense of $4 in 2011 and a tax benefit of $1 in 2010. The amount related to noncontrolling interests was not material.

(2) Includes a tax benefit of $11 in 2011 and $10 in 2010.

(3) Includes a tax benefit of $459 in 2011 and $489 in 2010.

5. Goodwill and Intangible Assets

The following table shows the changes in the carrying amount of goodwill by business segment:

	U.S. Simple Meals	U.S. Beverages	Global Baking and Snacking	International Simple Meals and Beverages	North America Foodservice	Total
Balance at August 2, 2009	$ 322	$ 112	$ 700	$ 621	$ 146	$ 1,901
Foreign currency translation adjustment			54	(36)		18
Balance at August 1, 2010	$ 322	$ 112	$ 754	$ 585	$ 146	$ 1,919
Foreign currency translation adjustment			**160**	**54**		**214**
Balance at July 31, 2011	**$ 322**	**$ 112**	**$ 914**	**$ 639**	**$ 146**	**$ 2,133**

The following table sets forth balance sheet information for intangible assets, excluding goodwill, subject to amortization and intangible assets not subject to amortization:

	2011	**2010**
Intangible Assets:		
Non-amortizable intangible assets	**$ 515**	$ 496
Amortizable intangible assets	**21**	21
	536	517
Accumulated amortization	**(9)**	(8)
Total net intangible assets	**$ 527**	$ 509

Non-amortizable intangible assets consist of trademarks, which mainly include *Pace, Royco, Liebig, Blå Band* and *Touch of Taste*. Amortizable intangible assets consist substantially of process technology and customer intangibles.

Amortization was less than $1 in 2011, 2010, and 2009. The estimated aggregated amortization expense for each of the five succeeding fiscal years is less than $1 per year. Asset useful lives range from ten to twenty years.

In 2011, as part of the company s annual review of intangible assets, an impairment charge of $3 was recognized related to the *Heisse Tasse* trademark used in the International Simple Meals and Beverages segment. The trademark was determined to be impaired as a result of a decrease in the fair value of the brand, resulting from reduced expectations for future sales and discounted cash flows. The impairment charge was recorded in Other expenses/(income) in the Consolidated Statements of Earnings. As of July 2011, certain European trademarks have a carrying value of approximately $100, which approximates fair value. Fair value is determined based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average cost of capital, and assumed royalty rates. Actual cash flows could differ from management s estimates due to changes in business performance, operating performance, and economic conditions. Holding all other assumptions constant, a 100-basis-point increase in the weighted average cost of capital would reduce fair value of all trademarks and result in impairment charges of approximately $21.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In 2009, as part of the company s annual review of intangible assets, an impairment charge of $67 was recognized related to certain European trademarks used in the International Simple Meals and Beverages segment, including *Heisse Tasse*, *Blå Band* and *Royco*. The trademarks were determined to be impaired as a result of a decrease in the fair value of the brands, resulting from reduced expectations for discounted cash flows. The reduction was due in part to a deterioration in market conditions and an increase in the weighted average cost of capital. The impairment charge was recorded in Other expenses/(income) in the Consolidated Statements of Earnings.

In May 2009, the company acquired Ecce Panis, Inc. Intangible assets from the acquisition totaled $16. See Note 8 for additional information.

6. Business and Geographic Segment Information

Commencing with the fourth quarter of fiscal 2011, the company reports the results of operations in the following reportable segments: U.S. Simple Meals; U.S. Beverages; Global Baking and Snacking; International Simple Meals and Beverages; and North America Foodservice. Segment results of prior periods were modified to conform to the current presentation. The company has ten operating segments based on product type and geographic location and has aggregated the operating segments into the appropriate reportable segment based on similar economic characteristics; products; production processes; types or classes of customers; distribution methods; and regulatory environment. The segments are discussed in greater detail below.

The U.S. Simple Meals segment aggregates the following operating segments: U.S. Soup and U.S. Sauces. The U.S. Soup retail business includes the following products: *Campbell s* condensed and ready-to-serve soups; and *Swanson* broth and stocks. The U.S. Sauces retail business includes the following products: *Prego* pasta sauce; *Pace* Mexican sauce; *Swanson* canned poultry; and *Campbell s* canned gravies, pasta and beans.

The U.S. Beverages segment represents the U.S. retail beverages business, including the following products: *V8* juices and beverages; and *Campbell s* tomato juice.

The Global Baking and Snacking segment aggregates the following operating segments: *Pepperidge Farm* cookies, crackers, bakery and frozen products in U.S. retail; and *Arnott s* biscuits in Australia and Asia Pacific.

The International Simple Meals and Beverages segment aggregates the simple meals and beverages operating segments outside of the United States, including Europe, Latin America, the Asia Pacific region and the retail business in Canada. See Note 3 for information on the sale of the sauce and mayonnaise business comprised of products sold under the *Lesieur* brand in France. This business was historically included in this segment.

The North America Foodservice segment represents the distribution of products such as soup, specialty entrees, beverage products, other prepared foods and Pepperidge Farm products through various food service channels in the United States and Canada.

The company s 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, taxes, and beginning in fiscal 2011, costs associated with restructuring activities. Segment operating earnings of prior periods were modified to conform to the current presentation. The manufacturing, warehousing, distribution and selling activities of the company s U.S. retail business are operated as an integrated platform in order to maximize efficiency and productivity. As a result, assets and capital expenditures of the U.S. Simple Meals and U.S. Beverages are not discretely maintained. Depreciation expense associated with the integrated operations, however, is allocated to the U.S. Simple Meals and U.S. Beverages segments based on production hours. North America Foodservice products are principally produced by the tangible assets of the company s other segments, except for refrigerated soups, which are produced in a separate facility, and certain other products, which are produced under contract manufacturing agreements. Tangible assets of the company s other segments are not allocated to the North America Foodservice operations. Depreciation, however, is allocated to North America Foodservice based on production hours.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The company s largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 17% of consolidated net sales in 2011 and 18% in 2010 and 2009. All of the company s segments sold products to Wal-Mart Stores, Inc. or its affiliates.

Business Segments

	2011	2010	2009
Net sales			
U.S. Simple Meals	$ **2,751**	$ 2,938	$ 3,049
U.S. Beverages	**759**	762	735
Global Baking and Snacking	**2,156**	1,975	1,846
International Simple Meals and Beverages	**1,463**	1,423	1,357
North America Foodservice	**590**	578	599
Total	**$ 7,719**	$ 7,676	$ 7,586

	2011	2010	2009(3)
Earnings before interest and taxes			
U.S. Simple Meals	**$ 657**	$ 737	$ 749
U.S. Beverages	**182**	206	178
Global Baking and Snacking	**355**	322	265
International Simple Meals and Beverages	**185**	161	69
North America Foodservice	**82**	55	53
Corporate(1)	**(119)**	(121)	(107)
Restructuring charges and related costs(2)	**(63)**		