Campbell's

Real food. Real results.

2020

ANNUAL REPORT

# FISCAL 2020 RESULTS

**NET SALES**
**$8.69**
**BILLION**

**NET SALES**
**+7%**
**GROWTH**

**OPERATING CASH FLOW**
**$1.4**
**BILLION**

**ADJUSTED EPS***
**+28%**
**GROWTH**

**ADJUSTED EPS***
**$2.95**
**PER SHARE**

*From Continuing Operations. These non-GAAP measures are adjusted for certain items not considered to be part of the ongoing business. For a reconciliation of non-GAAP financial measures, see page 13.

## Chair's Message

Fiscal 2020 was a year unlike any other for Campbell Soup Company. We delivered extraordinary results amid the challenges caused by the global COVID-19 pandemic. On behalf of the entire Board of Directors, I want to extend my gratitude for the enormous effort and dedication demonstrated by all our employees, especially the front-line and supply chain teams who displayed an unwavering commitment to the task at hand in an unprecedented operating environment. The total company response to the pandemic only gives us more confidence in our current leadership and their teams' ability to execute our focused strategic plan.

> "I am confident that we have the right strategy in place and the leadership team to execute it."

Never has our purpose—to provide *Real food that matters for life's moments*—resonated as profoundly as it has in the last several months. As much of the country stayed home, Campbell was called upon to step up and produce and distribute food in quantities not seen in years, driven by consumers who were seeking comfort, quality, convenience and value. This highly elevated and sustained demand required our teams be agile and resourceful, and to truly partner with our customers. Across the board, we delivered on our purpose. The company's progress on focusing our business and improving our execution proved vital as we navigated the pandemic while accelerating our progress against our strategic plan in the second half of the year. We enter fiscal 2021 with millions of new households to continue our momentum and achieve sustainable, quality growth.

On behalf of Campbell's Board, I would like to thank President and Chief Executive Officer Mark Clouse for his leadership in a time of crisis, and for the Campbell Leadership Team's agility and resourcefulness in simplifying the mission. The company's performance this year represents a total team effort from all our employees who worked tirelessly to provide our country with food during a time of great need. I would also like to thank our shareholders for their continued support and belief in our ability to return this iconic company to profitable, sustainable growth.

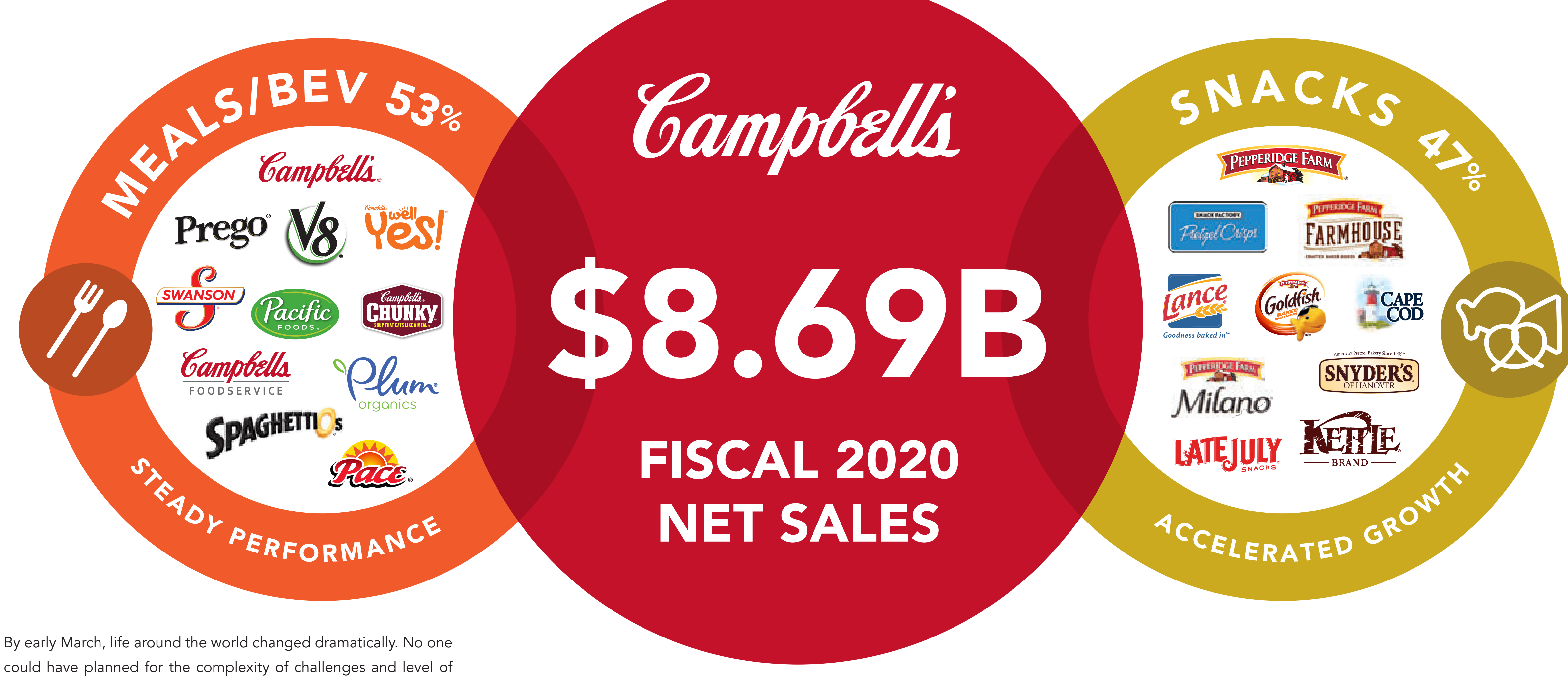
I am confident that we have the right strategy in place and the leadership team to execute it, particularly in a time of uncertainty. Campbell is well-positioned to continue to build on the success and momentum we established this year and for years to come.

Sincerely,

Keith R. McLoughlin

**Keith R. McLoughlin**
Chair of the Board

Mark Clouse
President and CEO




## Dear Campbell Shareholders,

Fiscal 2020 illustrated the importance of a focused strategic plan and a dynamic team as we delivered exceptional results amid the unprecedented challenges of the COVID-19 pandemic.

The year can be viewed in two clear and separate halves. The first half of fiscal 2020 was a period of strong execution against our strategic roadmap. Our business was progressing on a steady, positive trajectory in the first half, with solid performance across both divisions. We began the year focused on strengthening our brand powerhouse, with two distinct divisions concentrated in North America, each home to strong portfolios of iconic and differentiated products. We kicked off our "Win in Soup" plans and we completed our planned divestitures, using the proceeds to reduce our leverage while implementing a new operating model to optimize growth and profitability. We were progressing right on track with our strategic plans.

### OUR STRATEGY

1. CREATE A PROFITABLE GROWTH MODEL
2. FUEL INVESTMENTS WITH TARGETED COST SAVINGS
3. BUILD A WINNING TEAM AND CULTURE
4. DELIVER ON THE PROMISE OF OUR PURPOSE

By early March, life around the world changed dramatically. No one could have planned for the complexity of challenges and level of uncertainty that COVID-19 presented. This crisis has affected so many lives, and our hearts go out to all those impacted by this virus, especially those in the Campbell family. We moved quickly to implement protocols to protect our front-line teams and ensure the resilience of our manufacturing network while mandating our office-based teams work remotely. I am humbled by the unwavering commitment of Campbell's front-line and supply chain teams. We swiftly shifted our priorities to focus on their well-being and safety, while meeting the needs of our customers, consumers and communities across North America.

There is no question that the groundwork we established in the first half of the year served as a springboard for the business in the second half, when progress against our strategy accelerated as a result of the pandemic. This translated into a year well above what we had originally planned or could have expected.

We experienced broad-based demand across our portfolio as consumers sheltered in place and filled their pantries with brands they know and trust. As weeks turned into months, we saw exceptional repeat purchase rates and welcomed new buyers to our family of products, especially our soup business. As North America continues to navigate the pandemic, we believe the consumer behaviors built during this time to be lasting.

## Exceptional Financial Performance in Fiscal 2020

As the year progressed and we continued to experience unprecedented demand for our products, we invested significantly in our brands at a time when we were welcoming millions of new households to the Campbell portfolio. We made significant progress in advancing our Snacks integration plans and our cost savings program, both of which remain on track.

In fiscal 2020, we delivered growth in all key metrics and strong performance across both divisions. Net sales from continuing operations were $8.69 billion, an increase of 7% over last year. Our Meals & Beverages and Snacks divisions delivered net sales growth of 9% and 5%, respectively. For the full year, adjusted EPS from continuing operations of $2.95 represented a 28% increase over fiscal 2019.[1] For the year, cash flow from operations totaled $1.4 billion. This performance was enabled by the extraordinary work of our teams who remained agile and resilient in a challenging operating environment.

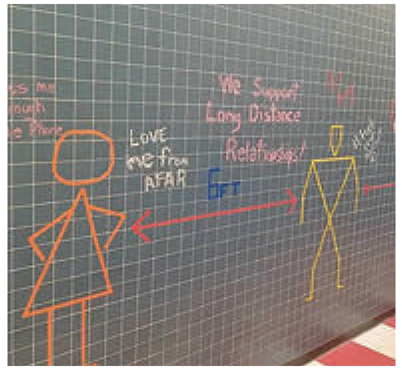
### LONG-TERM GROWTH ALGORITHM

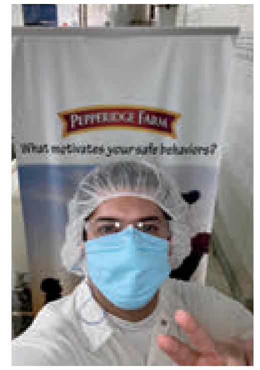
| ORGANIC SALES* | ADJUSTED EBIT* | ADJUSTED EPS* |
|---|---|---|
| 1-2% | 4-6% | 7-9% |

1. These non-GAAP measures are adjusted for certain items not considered to be part of the ongoing business. For a reconciliation of non-GAAP financial measures, see page 13.

* A non-GAAP reconciliation is not provided since certain items are not estimable, such as pension and postretirement mark-to-market adjustments, and these items are not considered to reflect the company's ongoing business results.

Forward-Looking Statements
Statements in this letter that are not historical facts are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. See "Cautionary Factors That May Affect Future Results" in Item 7 and "Risk Factors" in Item 1A of our Form 10-K.




# Operating in the COVID-19 Environment

At the outset of the pandemic, we simplified our mission and focused on three clear priorities:

1. **Take care of our people;**
2. **Produce and distribute our products as safely and as quickly as possible for our customers, consumers and communities across North America; and,**
3. **Anticipate and plan for the future.**

The company rallied and executed extremely well in an unprecedented operating environment. We continue to meet the evolving needs of our stakeholders while working to keep food on tables. This has required a tremendous effort across every aspect of the business. But the real heroes are our essential front-line teams at our plants, warehouses and distribution centers, and our in-store sales teams. Our Meals & Beverages supply chain, for instance, was built to support businesses that were flat to declining for the better part of a decade, but showed incredible resiliency in responding to a significant surge in increased orders at the onset of the pandemic. Building that muscle takes time, but we have the right team and leadership in place to do it. In recognition of this performance, we introduced increased temporary compensation through the end of fiscal 2020 to more than 11,000 of our front-line employees to reward their enormous contributions.

Taking care of our people means protecting the well-being and safety of our employees, our extended Campbell family and the communities in which we operate. We put strong measures in place including protocols to identify potential employee exposure, quarantines and contact tracing, and enhanced cleaning procedures. We have also implemented daily health screenings including thermal imaging temperature checks, mandatory use of masks, aggressive social distancing programs and policies to help employees who may be out of work due to caregiving or health-related needs.

We also recognized that community food banks and hunger programs would struggle with the impact of COVID-19 and dedicated manufacturing and supply specifically for this need. We focused our support on the 33 communities where we have operations. As of September 2020, I am proud to share that we have contributed $6 million in food and financial support across North America.

Clearly, the pandemic led to an acceleration of demand for our fabric-of-the-nation brands and our overall growth strategy. In the second half of fiscal 2020, we attracted 8.6 million new households to our soup portfolio alone,[2] giving us access to millions of buyers. Many of these are younger households which represent significant incremental growth for our brands.

> "We have contributed $6 million in food and financial support across North America."

Our brands have garnered increased relevance as consumers seek the attributes our foods are known for: comfort, quality, convenience and value. As we begin fiscal 2021, we have the resources to leverage and expand marketing plans that reflect those attributes as we seek to retain these new households. We are increasing marketing investments across both divisions with a focus on helpful recipes and snack ideas. Building upon the tone and utility of our existing advertising campaigns, our creative teams demonstrated agility with new digital and TV campaigns, including our Crowded Table anthem advertising that celebrated the role our brands play in comforting people during this period of separation. This ad resonated very well with consumers and has accelerated the rejuvenation of the *Campbell's* brand. In the fourth quarter alone, we saw strong sustained repeat of 71% in new households within the portfolio.[3]

# Consumer & Retail Trends Shaping the Landscape

The pandemic has fundamentally changed the way consumers shop and eat. While some trends may be episodic, we expect others to be more structural. We believe **four trends** will shape the consumer and retail environment for the foreseeable future, each of which align extremely well with our business model, portfolio and capabilities:

## Quick Scratch Cooking

As people are eating out less, they are cooking more and are looking for low-cost meal solutions. Assembling simple ingredients for a great tasting meal has increased in popularity and is poised to continue post-pandemic.

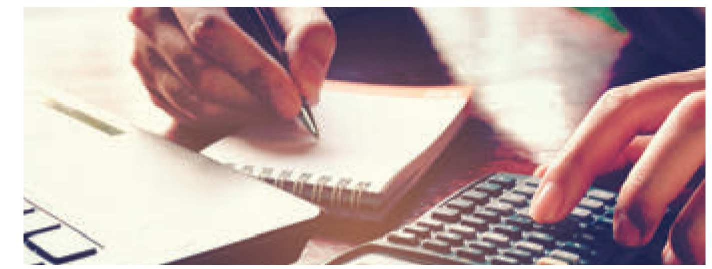
## Online Food Shopping

Millions of Americans were introduced to this convenience during the pandemic and we believe the benefits provided by these services will result in continued usage.

## Retail Evolution

The traditional retail food shelf will evolve to meet these changing consumer trends. The relevance of certain center-store categories like soup will likely increase and require more in-store inventory.

## Value



Value will continue to play an important role as the impact of COVID-19 ripples through the economy. It will take time for the economy to fully recover. Ensuring we have affordable products that support consumers through periods of economic uncertainty is critical.

In our best view of the future, regardless of the duration of the pandemic, we believe that we can retain a sizeable portion of these households driven by these sustained behaviors even as conditions normalize over time. The net of all this is that we expect Campbell to be in a much more advantaged position exiting the pandemic than going into it.

# Transforming Our Culture To Drive Our Business

As our strategy accelerates, it is critical that we have a strong team and culture to support it. This begins with an elevated commitment to inclusion and diversity and an investment in our people and their capabilities.

Beyond the pandemic, the staggering series of incidents of violence and racism involving Black Americans in cities across America this year served as a dramatic reminder of what remains an ongoing reality of racism in our country. We are committed to being part of the solution. We are attacking cultural change in the same systemic way that we would turn around a business. We are working to transform our culture by building capabilities, promoting advocacy and ensuring accountability to improve inclusion and diversity at Campbell.

In closing, I want to thank our Board of Directors, the Campbell Leadership Team, our employees—especially those on the front lines—our shareholders and our partners. This is a unique moment in our history. Campbell has the right strategy, the right operating model and the right team to win and sustain our long-term growth algorithm. We are well-positioned to continue to advance our plans in a difficult environment and are prepared for whatever is next.

**Mark Clouse**
President and Chief Executive Officer

2. IRI NCP, Total U.S. All Outlets, purchased in 27 weeks ending 8/2/2020 and not 52 weeks ending 2/16/2020
3. IRI National Consumer Panel: Total US All Outlets; NBD Volume

# OUR STRATEGY

Over a year into executing our strategic plan, we are a more-focused, better-performing company. While our growth-oriented strategic objectives remain unchanged, they have accelerated.

## 1 CREATE A PROFITABLE GROWTH MODEL

The cornerstone of our strategy is growth. We have made substantial progress in creating a profitable growth model one year into our strategic plan. Our two divisions, Meals & Beverages and Snacks, have clear priorities and the resources and capabilities to win in the marketplace. Year two will reflect our focus on retaining the new households we have attracted, more closely connecting with our consumers and adapting to the changing retail landscape to win with our key customers.

### Meals & Beverages

This division contains many iconic brands that consumers have been seeking out or returning to for the comfort, quality, convenience and value they offer.

Last year, we introduced our "Win in Soup" plan—a comprehensive, three-year roadmap to strengthen the core, expand our offerings in growth areas, transform our retail and channel presence and deliver end-to-end cost and network solutions. A key first step in this journey was to stabilize soup. We were on track with our plans in the first half of the year and have further accelerated those efforts through the pandemic.

Our soup performance this year was historic. Steady performance in the first half reflected the impact of improved retailer relationships, investments in the quality of our core brands and overall stepped up execution. The foundational groundwork we put in place over the last year was always an important step in our long-term plan to re-ignite soup, and it has shown to be even more so in this unprecedented environment. Consumer response to quality improvements on our icon varieties of Tomato, Chicken Noodle, Cream of Mushroom and Cream of Chicken has been very positive, at a time when we have significantly increased household penetration and high repeat rates in new households. *Pacific Foods*, a highly relevant brand among Millennials, has performed very well as we continue to further integrate the business, increase capacity and step up our equity-building and innovation efforts.

FY20 U.S. SOUP CONSUMPTION GROWTH +15.3%*

Our increased advertising this year has been directed toward condensed and ready-to-serve soups as well as broth to provide ideas and inspiration for quick scratch cooking, with classic meals and new creative ideas. Compared to last year, total advertising and consumer spend for Meals & Beverages was up 39%, with more than half in support of U.S. soup. While there was an initial pantry stock up in March, we have seen strong consumer pull-through driven by increased usage and new eating patterns. Now more than ever, consumers are looking for quick, easy meals, where our soup portfolio plays a vital role. Additionally, there's no category better suited for at-home lunch than soup.

Crowded Table Campaign

*Here's to being together until we're together again.*

Over a year into our "Win in Soup" plan, we are very satisfied with our progress and the improved fundamentals. During fiscal 2020, the soup category grew more units than any other edible category, and our soup growth was double that of total edibles[4]—this is a long way from 2019! We have injected much-needed investment into our soup brands and continued to strengthen important retailer relationships, while rationalizing the portfolio. We continue to lay the foundation for the sustainment of the soup category and believe that in fiscal 2021, with more innovation, we can continue this momentum. While there is more work to be done, we are seeing a favorable response to our actions to optimize the portfolio, invest to improve the quality of our food, and build brand equity.

#### FABRIC-OF-THE-NATION BRANDS

Beyond soup, the rest of our Meals & Beverages portfolio also plays a role as consumers look for quick and easy meals. We have made progress in stabilizing these brands, led by *Prego*, which has held the No. 1 share in the Italian sauce market for over a year.[5] In addition to *Prego*, both *V8* and *Pace* saw double-digit consumption gains in the fourth quarter,[6] and our Canadian business continued to perform well.

There were very few businesses that were as in demand and positively impacted by COVID-19 than our Meals & Beverages division. While we benefitted from tailwinds, we have made the most of the moment with investments in marketing and innovation, coupled with excellence in execution. The strong results we delivered this year changed the trajectory of the business and created a unique moment to further accelerate our strategy of returning relevance and growth to these iconic brands.

4. IRI TSV MULO 53 weeks ending 8/2/20
5. Total IRI U.S. MULO $ consumption latest 53 weeks ended 8/2/20
6. Total IRI U.S. MULO $ consumption latest 14 weeks ended 8/2/20
* IRI Market Advantage, Total U.S. MULO, 52 weeks ending 8/2/20 vs. year ago

1

# CREATE A PROFITABLE GROWTH MODEL

## Snacks

Our Snacks division, which represents nearly half of our annual sales, boasts an advantaged and differentiated portfolio. Our nine power brands continued to drive strong consumption gains,[5] and we made steady progress on our integration and value capture targets. The company appointed a new division president this year in Valerie Oswalt, gaining a veteran of more than two decades in the snack food industry.

**SNACKS POWER BRANDS**

| | |
| --- | --- |
| Goldfish | #1 KIDS CRACKERS |
| Snack Factory Pretzel Crisps | #1 DELI SNACKS |
| Lance | #1 SANDWICH CRACKERS |
| Snyder's of Hanover | #1 PRETZELS |
| Late July Snacks | #1 ORGANIC TORTILLA CHIPS |
| Cape Cod | #1 KETTLE CHIPS |
| Kettle Brand | #3 KETTLE CHIPS |
| Pepperidge Farm Farmhouse | LEADING PREMIUM COOKIES |
| Pepperidge Farm Milano | LEADING PREMIUM COOKIES |

IRI Total U.S. - Multi Outlet latest 53 weeks ending 8/2/20.

Snacks experienced increased demand in the second half, and we continued to invest in our brands. For the year, including the additional week, the division delivered 11% consumption growth in measured channels,[5] with power brands growing consumption 13% for the year.[5] Comfort remains a key product attribute for consumers as the pandemic continues, and our portfolio is well suited to offer options with real food ingredients such as *Goldfish* crackers, *Pepperidge Farm Milano* and Farmhouse cookies, in addition to satisfying savory snacks like *Cape Cod* and *Kettle Brand* potato chips and better-for-you snacks from *Late July*.

Our snacking brands gained 2.9 percentage points of household penetration during the year,[7] with increases across all nine of our power brands.[8] Similar to Meals & Beverages, we have seen new households return to re-purchase our snacks, a positive sign of the relevancy of our brands and an early indicator of our ability to retain these new consumers. To bring these households back to the portfolio, we will continue to connect through compelling marketing, ensuring continued availability, and providing the variety and formats that meet their needs today and into the future.

**FY20 SNACKS POWER BRANDS CONSUMPTION +11%***

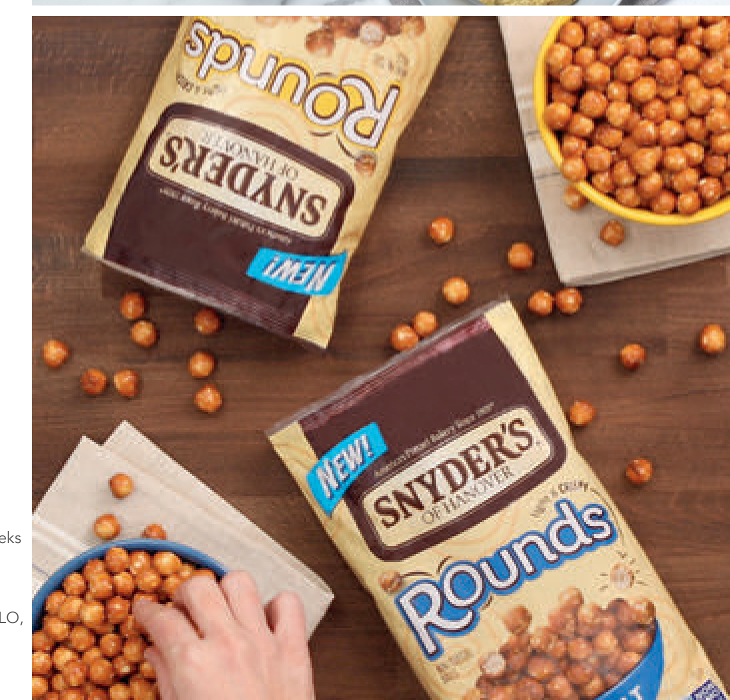
In the fourth quarter, we saw some limited share challenges due primarily to supply constraints. We recently completed a major capacity expansion project by installing the largest *Goldfish* line in our history in our Willard, Ohio bakery. The expansion will help us meet the strong demand for *Goldfish* across the country. We also have additional supply coming online for our *Cape Cod* and *Kettle* brands in the first half of fiscal 2021.

Our Snacks team launched all planned innovation for fiscal 2020—finding new and creative ways to bring products to market during the pandemic—and is on track to deliver fiscal 2021 innovation despite operating within the constraints of the COVID-19 environment. We remain on plan to deliver the synergies of the Snyder's-Lance acquisition, even in the face of the challenges brought on by COVID-19. On the year, we delivered synergies in procurement; continued to realize savings from the consolidation of sales headquarters and related operations; and benefitted from increased operational efficiency in manufacturing. We also improved the effectiveness of the organization by simplifying and streamlining operations.

7. IRI NCP, Total U.S. All Outlets, 53 weeks ending 8/2/20
8. IRI NCP, Total U.S. All Outlet, NBD weighted 53 weeks ending 8/2/20

* IRI Market Advantage, Total U.S. MULO, 52 weeks ending 8/2/20 vs. year ago





## 2 FUEL INVESTMENTS WITH TARGETED COST SAVINGS

With the completion of the divestitures of Campbell Fresh and Campbell International, we have created a focused and efficient portfolio with opportunity to further fuel investments and expand margins.

We continued to advance key business metrics and strategic plan initiatives in fiscal 2020, including adjusted gross margin expansion, supported by productivity improvements, cost savings and favorable product mix. We continued to make strong progress against our cost-savings target of $850 million by the end of fiscal 2022, delivering $165 million of incremental savings this year, bringing the program-to-date total for continuing operations to $725 million.

We have also strengthened our balance sheet in fiscal 2020, significantly reducing our leverage and generating $1.4 billion in cash flow from operations in fiscal 2020. Our capital priorities remain unchanged as we continue to strategically invest for growth in our business, maintain our quarterly dividend and reduce debt.

We also continue to improve relationships with our customers, as the level of transparency and collaboration during the pandemic has created an environment in which our businesses can grow together well into the future.

**$850M**
**FY 2022**
SAVINGS TARGET FOR CONTINUING OPERATIONS

**$725M**
**FY 2020**
PROGRAM SAVINGS TO-DATE

**$560M**
**FY 2019**
PROGRAM SAVINGS TO-DATE


## 3 BUILD A WINNING TEAM AND CULTURE

Investing in our people and their capabilities is a critical step in achieving our strategic plan and building a winning team and culture. While the fiscal year has ended the pandemic has not. As a result, we will continue to execute against the simplified mission outlined earlier. This framework will focus on employee safety and building the capabilities they need to be successful, no matter where they are working, improving ways of working and investing in leadership development.

We will increase our focus on our people and the key moments that make up the Campbell Employee Experience. The most critical element of the Employee Experience is our inclusion and diversity (I&D) vision: to build a company where all employees can be real and feel safe, valued and supported to do their best work. In September, we appointed Camille Pierce as Chief Culture Officer to lead our cultural and I&D efforts. We have introduced a new, holistic approach to transforming our culture. A workforce that is inclusive and diverse is a clear competitive advantage in the marketplace. It will require sustained effort to build capabilities, provide appropriate resources and advocacy, and directly link to goals, metrics and accountability.

Greater inclusion and diversity is a company-wide priority supported by an integrated plan with measurable goals and a strategic, multi-year approach that provides a steady drumbeat of actions. The Campbell Leadership Team is fully committed to this approach.

### We are focusing on three key areas:

1. **Education and Capabilities.** This includes the standardization of key processes throughout the company and increased I&D learning opportunities.
2. **Advocating for Ally Networks and Communities.** This includes optimizing our Employee Resource Group (ERG) structure and increasing resources, refreshing our supplier diversity program while setting goals to increase spending, and providing $1.5 million in financial support over three years to nonprofit organizations to raise awareness, advance education and fight racism and discrimination.
3. **Accountability.** This includes continued transparency on our demographic data while building accountability of employees through performance objectives to build self-awareness and understanding of I&D concepts. We will also implement a manager 360-degree feedback and review program.

# 4 DELIVER ON THE PROMISE OF OUR PURPOSE

Everything we do is in the service of our purpose: *Real food that matters for life's moments.* Rooted in the beliefs of our founders, we have been making food that we are proud to serve in our own homes since 1869. Our purpose holds truer in this moment than ever before as we navigate a global pandemic that has impacted all of us.

The Campbell Soup Foundation will continue to focus on its mission of building healthy communities, with an emphasis on COVID-19 relief and recovery to help our Campbell hometowns rebound from the social and economic impacts of the pandemic.

In fiscal 2021, Campbell will complete a 10-year, $10 million initiative to improve the health of young people in Camden through its Campbell's Healthy Communities program focused on food access, nutrition education, physical activity and building public will in the community. The program has made notable improvements in Camden. We are now transitioning to the next phase of that multi-year commitment, with the long-term goal of creating a school food environment in which all students have access to food that provides the nourishment they need to thrive and excel in their education.

For years, we have been advancing our work around sustainable agriculture, responsible sourcing and sustainable operations. To make an even greater impact, we are evolving our strategy to a more holistic approach with a focus on environmental, social and governance (ESG) opportunities. This approach will allow for increased engagement across the organization and help us to continue to meet the expectations of our consumers, customers, investors and other stakeholders.

In fiscal 2020, we achieved some notable sustainability wins. First, we launched four new sustainable packaging commitments focused on packaging recyclability, recycled content, consumer education and expanding access to recycling infrastructure. We advanced our farmer engagement work in our tomato, wheat and potato supply chains, and reached our wheat fertilizer optimization goal one year ahead of schedule. Finally, we reduced the environmental footprint of our operations and advanced traceability of priority raw materials along our supply chain.

As we build our new ESG strategy, we will continue to advance these efforts, and others, and report on our progress in our annual Corporate Responsibility Report.

## Financial Highlights

| (dollars in millions, except per share amounts) | 2020 | 2019 |
|---|---|---|
| **Results of Operations** | | |
| Net sales | $ **8,691** | $ 8,107 |
| Gross profit | $ **2,999** | $ 2,693 |
| Percent of net sales | **34.5%** | 33.2% |
| Earnings before interest and taxes | $ **1,107** | $ 979 |
| Earnings from continuing operations attributable to Campbell Soup Company | $ **592** | $ 474 |
| Per share — diluted | $ **1.95** | $ 1.57 |
| Earnings (loss) from discontinued operations | $ **1,036** | $ (263) |
| Per share — diluted | $ **3.41** | $ (.87) |
| Net earnings attributable to Campbell Soup Company | $ **1,628** | $ 211 |
| Per share — diluted | $ **5.36** | $ .70 |
| **Other Information** | | |
| Net cash provided by operating activities | $ **1,396** | $ 1,398 |
| Capital expenditures | $ **299** | $ 384 |
| Dividends per share | $ **1.40** | $ 1.40 |

In 2020, Earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and costs of $69 million ($52 million after tax, or $.17 per share) associated with restructuring and cost savings initiatives; losses of $121 million ($92 million after tax, or $.30 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; pension settlement charges of $43 million ($33 million after tax, or $.11 per share); a loss of $45 million ($35 million after tax, or $.12 per share) associated with the sale of our limited partnership interest in Acre Venture Partners, L.P.; a loss of $64 million ($37 million after tax, or $.12 per share) on the sale of the European chip business; and a loss of $75 million ($57 million after tax, or $.19 per share) on the extinguishment of debt.

In 2019, Earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and costs of $121 million ($92 million after tax, or $.30 per share) associated with restructuring and cost savings initiatives; losses of $122 million ($93 million after tax, or $.31 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; a pension settlement charge of $28 million ($22 million after tax, or $.07 per share); impairment charges of $16 million ($13 million after tax, or $.04 per share) related to the European chips business; and a tax charge of $2 million ($.01 per share) due to the enactment of the Tax Cuts and Jobs Act that was signed into law in December 2017.

See below for a reconciliation of the impact of these items on reported results.

## Reconciliation of GAAP and Non-GAAP Financial Measures

The following information is provided to reconcile certain non-GAAP financial measures disclosed in the preceding pages to reported Earnings from continuing operations. These non-GAAP financial measures are measures of performance not defined by accounting principles generally accepted in the United States and should be considered in addition to, not in lieu of, GAAP reported measures. We believe that presenting certain non-GAAP financial measures facilitates comparison of our historical operating results and trends in our underlying operating results, and provides transparency on how we evaluate our business. For instance, we believe that financial information excluding certain transactions not considered to reflect the ongoing operating results improves the comparability of year-to-year earnings results. Consequently, we believe that investors may be able to better understand our earnings results if these transactions are excluded from the results.

| | **2020** | | 2019 | | Earnings % Change | EPS % Change |
|---|---|---|---|---|---|---|
| | **Earnings Impact** | **Diluted EPS Impact** | Earnings Impact | Diluted EPS Impact | 2020/2019 | 2020/2019 |
| Earnings from continuing operations attributable to Campbell Soup Company, as reported | $ **592** | $ **1.95** | $ 474 | $ 1.57 | | |
| Restructuring charges, implementation costs and other related costs | **52** | **.17** | 92 | .30 | | |
| Pension and postretirement benefit mark-to-market adjustments | **92** | **.30** | 93 | .31 | | |
| Pension settlement charges | **33** | **.11** | 22 | .07 | | |
| Investment losses | **35** | **.12** | - | - | | |
| Charges associated with divestiture | **37** | **.12** | - | - | | |
| Loss on debt extinguishment | **57** | **.19** | - | - | | |
| Impairment charges | - | - | 13 | .04 | | |
| Tax reform | - | - | 2 | .01 | | |
| Adjusted Earnings from continuing operations attributable to Campbell Soup Company | $ **898** | $ **2.95** | $ 696 | $ 2.30 | 29% | 28% |

*The sum of the individual amounts does not add due to rounding.*

# 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 | Commission File Number |
|---|---|
| **August 2, 2020** | **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 | Trading Symbol | Name of Each Exchange on Which Registered |
|---|---|---|
| Capital Stock, par value $.0375 | CPB | 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. ☑ Yes ☐ No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). ☑ Yes ☐ No

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☑ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

Based on the closing price on the New York Stock Exchange on January 24, 2020 (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 $ 9,425,850,414. There were 302,271,127 shares of capital stock outstanding as of September 16, 2020.

Portions of the Registrant's Proxy Statement for the 2020 Annual Meeting of Shareholders are incorporated by reference into Part III.

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## PART I

This Report contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current expectations regarding our future results of operations, economic performance, financial condition and achievements. These forward-looking statements can be identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "pursue," "strategy," "target," "will" and similar expressions. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts, and may reflect anticipated cost savings or implementation of our strategic plan. These statements reflect our current plans and expectations and are based on information currently available to us. They rely on several assumptions regarding future events and estimates which could be inaccurate and which are inherently subject to risks and uncertainties. Risks and uncertainties include, but are not limited to, those discussed in "Risk Factors" and in the "Cautionary Factors That May Affect Future Results" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report. Our consolidated financial statements and the accompanying notes to the consolidated financial statements are presented in "Financial Statements and Supplementary Data."

### Item 1. *Business*

### The Company

Unless otherwise stated, the terms "we," "us," "our" and the "company" refer to Campbell Soup Company and its consolidated subsidiaries.

We are a manufacturer and marketer of high-quality, branded food and beverage products. We organized as a business corporation under the laws of New Jersey on November 23, 1922; however, through predecessor organizations, we trace our heritage in the food business back to 1869. Our principal executive offices are in Camden, New Jersey 08103-1799.

In 2018, we acquired Pacific Foods of Oregon, LLC and Snyder's-Lance, Inc. (Snyder's-Lance). See Note 4 to the Consolidated Financial Statements for additional information on our recent acquisitions.

In 2019, we announced our plan to divest our Campbell Fresh operating segment and our international biscuits and snacks operating segment. In 2019, we sold our U.S. refrigerated soup business, our Garden Fresh Gourmet business and our Bolthouse Farms business. Within our international biscuits and snacks operating segment, we completed the sale of our Kelsen business on September 23, 2019. On December 23, 2019, we completed the sale of our Arnott's business and certain other international operations, including the simple meals and shelf-stable beverages businesses in Australia and Asia Pacific (the Arnott's and other international operations). In addition, on October 11, 2019, we completed the sale of our European chips business. See Note 3 to the Consolidated Financial Statements for additional information on these divestitures.

We used the net proceeds from the sales to reduce debt as described below in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." To support our more focused portfolio, we are pursuing multi-year cost savings initiatives with targeted annualized cost savings of $850 million from continuing operations by the end of 2022, which includes $295 million in synergies and run-rate cost savings from our acquisition of Snyder's-Lance. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information regarding our cost savings initiatives.

Our U.S. refrigerated soup business, our Garden Fresh Gourmet business and our Bolthouse Farms business were historically included in the Campbell Fresh segment. Beginning in the third quarter of 2019, we have reflected the results of operations of these businesses as discontinued operations in the Consolidated Statements of Earnings for all periods presented. A portion of the U.S. refrigerated soup business historically included in Campbell Fresh was retained and is now reported in Meals & Beverages.

Beginning in the fourth quarter of 2019, we have reflected the results of operations of our Kelsen business and the Arnott's and other international operations (collectively referred to as Campbell International) as discontinued operations in the Consolidated Statements of Earnings for all periods presented. The assets and liabilities of these businesses have been reflected in assets and liabilities of discontinued operations in the Consolidated Balance Sheets as of July 28, 2019. These businesses were historically included in the Snacks reportable segment. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment.

### Reportable Segments

Our reportable segments are:

- Meals & Beverages, which includes the retail and foodservice businesses in the U.S. and Canada. The segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Pacific Foods* broth, soups and non-dairy beverages; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; *Plum* baby food and snacks; *V8* juices and beverages; and *Campbell's* tomato juice; and

- Snacks, which consists of Pepperidge Farm cookies, crackers, fresh bakery and frozen products in U.S. retail, including *Milano* cookies and *Goldfish* crackers; and *Snyder's of Hanover* pretzels, *Lance* sandwich crackers, *Cape Cod* and *Kettle Brand* potato chips, *Late July* snacks, *Snack Factory Pretzel Crisps, Pop Secret* popcorn, *Emerald* nuts, and other snacking products in the U.S. and Canada. The segment includes the retail business in Latin America. This segment also included the results of our European chips business, which was sold on October 11, 2019.

Through the fourth quarter of 2019, our retail business in Latin America was managed as part of the Meals & Beverages segment. Beginning in 2020, our business in Latin America is managed as part of the Snacks segment. See Note 7 to the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information regarding our reportable segments.

**Ingredients and Packaging**

The ingredients and packaging materials required for the manufacture of our food and beverage products are purchased from various suppliers, substantially all of which are located in North America. These items are subject to price fluctuations from a number of factors, including climate change, changes in crop size, cattle cycles, herd and flock disease, crop disease, crop pests, product scarcity, pandemics, demand for raw materials, supplier capacities, commodity market speculation, energy costs, currency fluctuations, government-sponsored agricultural programs and other government policy, import and export requirements (including tariffs), drought and excessive rain, temperature extremes and other adverse weather events, water scarcity, scarcity of suitable agricultural land, scarcity of organic ingredients and other factors that may be beyond our control during the growing and harvesting seasons. To help reduce some of this price volatility, we use a combination of purchase orders, short- and long-term contracts, inventory management practices and various commodity risk management tools for most of our ingredients and packaging. Ingredient inventories are generally 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 during certain seasons, we make commitments for the purchase of such ingredients in their respective seasons. In addition, certain of the materials required for the manufacture of our products, including steel and aluminum, have been or may be impacted by tariffs. Despite our ability to source raw materials necessary to meet increased demand for our products, certain ingredients and packaging, including steel, aluminum, glass, agricultural products, proteins and other commodities have been adversely impacted by the COVID-19 pandemic. Although we are unable to predict the impact to our ability to source these materials in the future, we expect these supply pressures to continue throughout 2021. For information on the impact of inflation, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

**Customers**

In most of our markets, sales and merchandising activities are conducted through our own sales force and/or third-party brokers and distribution partners. Our products are generally resold to consumers through retail food chains, mass discounters, mass merchandisers, club stores, convenience stores, drug stores, dollar stores, e-commerce and other retail, commercial and non-commercial establishments. Each of Pepperidge Farm and Snyder's-Lance also has a direct-store-delivery distribution model that uses independent contractor distributors. We make shipments promptly after acceptance of orders. In the second half of 2020 we experienced increased demand in our retail businesses as the COVID-19 pandemic and related governmental restrictions resulted in a significant increase in at-home food consumption. We have taken steps, including modifying production schedules and temporarily adjusting product mix, to increase our production capacity to meet the increased demand for our retail products. Notwithstanding these efforts, we have been, and continue to be, unable to fulfill all orders we receive from our customers. For additional information on COVID-19 impacts, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our five largest customers accounted for approximately 44% of our consolidated net sales from continuing operations in 2020, 43% in 2019 and 46% in 2018. Our largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 21% of our consolidated net sales from continuing operations in 2020, 20% in 2019 and 22% 2018. The Kroger Co. and its affiliates accounted for approximately 9% of our consolidated net sales from continuing operations in 2020 and 2019, and 10% in 2018. Both of our reportable segments sold products to Wal-Mart Stores, Inc. or its affiliates and The Kroger Co. or its affiliates. No other customer accounted for 10% or more of our consolidated net sales.

**Trademarks and Technology**

As of September 16, 2020, we owned over 3,000 trademark registrations and applications in over 160 countries. We believe our trademarks are of material importance to our 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. We believe that our principal brands, including *Campbell's*, *Cape Cod*, *Chunky*, *Emerald*, *Goldfish*, *Kettle Brand*, *Lance*, *Late July*, *Milano*, *Pace*, *Pacific Foods*, *Pepperidge Farm*, *Plum*, *Pop Secret*, *Prego*, *Snack Factory Pretzel Crisps*, *Snyder's of Hanover*, *Spaghettios*, *Swanson*, and *V8*, are protected by trademark law in the major markets where they are used.



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

**Competition**

We operate in a highly competitive industry and experience competition in all of our categories. This competition arises from numerous competitors of varying sizes across multiple food and beverage categories, and includes producers of private label products, as well as other branded food and beverage manufacturers. Private label products are generally sold at lower prices than branded products. Competitors market and sell their products through traditional retailers and e-commerce. All of these competitors vie for trade merchandising support and consumer dollars. The number of competitors cannot be reliably estimated. Our principal areas of competition are brand recognition, taste, nutritional value, price, promotion, innovation, shelf space and customer service.

**Working Capital**

For information relating to our cash flows from operations and working capital items, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

**Capital Expenditures**

During 2020, our aggregate capital expenditures were $299 million. We expect to spend approximately $350 million for capital projects in 2021. Major capital projects based on planned spend in 2021 include implementation of an SAP enterprise-resource planning system for Snyder's-Lance, which was delayed from 2020 due to the COVID-19 pandemic, and a new manufacturing line for our snacks business.

**Regulation**

The manufacture and sale of consumer food products is highly regulated. In the U.S., our activities are subject to regulation by various federal government agencies, including the Food and Drug Administration, Department of Agriculture, Federal Trade Commission, Department of Labor, Department of Commerce and Environmental Protection Agency, as well as various state and local agencies. Our business is also regulated by similar agencies outside of the U.S. In addition, the current U.S. administration has implemented and is considering tariffs on certain imported commodities, including steel and aluminum. In response, other countries have adopted and/or are considering countervailing tariffs on imported food and agriculture products.

**Environmental Matters**

We have requirements for the operation and design of our facilities that meet or exceed applicable environmental rules and regulations. Of our $299 million in capital expenditures made during 2020, approximately $6 million were for compliance with environmental laws and regulations in the U.S. We further estimate that approximately $13 million of the capital expenditures anticipated during 2021 will be for compliance with U.S. environmental laws and regulations. We believe that continued compliance with existing environmental laws and regulations (both within the U.S. and elsewhere) will not have a material effect on capital expenditures, earnings or our competitive position. In addition, we continue to monitor existing and pending environmental laws and regulations within the U.S. and elsewhere relating to climate change and greenhouse gas emissions. While the impact of these laws and regulations cannot be predicted with certainty, we do not believe that compliance with these laws and regulations will have a material effect on capital expenditures, earnings or our competitive position.

**Seasonality**

Demand for soup products is seasonal, with the fall and winter months usually accounting for the highest sales volume. This year, due to the impact of the COVID-19 pandemic, demand for soup products was above normal levels during the spring and summer months. Demand for our other products is generally evenly distributed throughout the year.

**Employees**

On August 2, 2020, we had approximately 14,500 employees.

**Websites**

Our primary corporate website can be found at www.campbellsoupcompany.com. We make available free of charge at this website (under the "Investor Center—Financial Information—SEC Filings" caption) all of our reports (including amendments) filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, including our annual report on Form 10-K, our quarterly reports on Form 10-Q and our 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.

All websites appearing in this Annual Report on Form 10-K are inactive textual references only, and the information in, or accessible through, such websites is not incorporated into this Annual Report on Form 10-K, or into any of our other filings with 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 our business, financial condition and results of operations. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and financial condition.

**Operational Risk Factors**

**The outbreak of COVID-19 and associated responses could adversely impact our business and results of operations**

The COVID-19 pandemic has significantly impacted economic activity and markets throughout the world. In response, governmental authorities have implemented numerous measures in an attempt to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and business shutdowns. Although our business has benefitted from some of these measures, the impact and associated responses of the COVID-19 pandemic could adversely impact our business and results of operations in a number of ways, including but not limited to:

- a shutdown of one or more of our manufacturing, warehousing or distribution facilities, or disruption in our supply chain, including but not limited to, as a result of illness, government restrictions or other workforce disruptions;
- the failure of third parties on which we rely, including but not limited to, those that supply our packaging, ingredients, equipment and other necessary operating materials, co-manufacturers and independent contractors, to meet their obligations to us, or significant disruptions in their ability to do so;
- a strain on our supply chain, which could result from continued increased retailer and consumer demand for our products;
- a disruption to our distribution capabilities or to our distribution channels, including those of our suppliers, contract manufacturers, logistics service providers or independent distributors;
- reductions in the availability of one or more of our products as we prioritize the production of other products due to increased demand;
- new or escalated government or regulatory responses in markets where we manufacture, sell or distribute our products, or in the markets of third parties on which we rely, could prevent or disrupt our business operations;
- continued commodity cost volatility, which may not be sufficiently offset by our commodity hedging activities;
- a significant portion of our workforce, including our management team, could become unable to work as a result of illness, or the attention of our management team could be diverted if key employees become ill from COVID-19 and unable to work;
- higher costs in certain areas such as front-line employee compensation and independent contractor payments, as well as incremental costs associated with newly added health screenings, temperature checks and enhanced cleaning and sanitation protocols to protect our employees and product quality standards, which could continue or could increase in these or other areas;
- the temporary inability of consumers to purchase our products due to illness, quarantine or other travel restrictions, or financial hardship; or decrease in demand due to the easing of governmental authority restrictions and business closings; or decrease in pantry-loading activity;
- a change in demand for or availability of our products as a result of retailers, distributors, or carriers modifying their inventory, fulfillment or shipping practices;
- an inability to effectively modify our trade promotion and advertising activities to reflect changing consumer shopping habits due to, among other things, reduced in-store visits and travel restrictions;
- a shift in consumer spending as a result of an economic downturn could result in consumers moving to private label or lower price products;
- an increased reliance on our information technology systems due to many employees working remotely causing us to be increasingly subject to cyberattack;
- a continued decrease in demand at restaurants or other away from home dining establishments resulting from government restrictions and social distancing measures, which adversely affects our foodservice business; and
- continued business disruptions and uncertainties related to the COVID-19 pandemic for a sustained period of time could result in additional delays or modifications to our strategic plans and other initiatives and hinder our ability to achieve anticipated cost savings and productivity initiatives on the original timelines.



These and other impacts of the COVID-19 pandemic could also have the effect of heightening many of the other risk factors included below in this Item 1A. The ultimate impact depends on the severity and duration of the current COVID-19 pandemic and actions taken by governmental authorities and other third parties in response, each of which is uncertain, rapidly changing and difficult to predict. Any of these disruptions could adversely impact our business and results of operations.

**We face significant competition in all our product categories, which may result in lower sales and margins**

We operate in the highly competitive food and beverage industry mainly in the North American market and experience competition in all of our categories. The principal areas of competition are brand recognition, taste, nutritional value, price, promotion, innovation, shelf space and customer service. A number of our primary competitors are larger than us and have substantial financial, marketing and other resources, and some of our competitors may spend more aggressively on advertising and promotional activities than we do. In addition, reduced barriers to entry and easier access to funding are creating new competition. A strong competitive response from one or more of these competitors to our marketplace efforts, or a continued shift towards private label offerings, could result in us reducing prices, increasing marketing or other expenditures, and/or losing market share, each of which may result in lower sales and margins.

Our ability to compete also depends upon our ability to predict, identify, and interpret the tastes and dietary habits of consumers and to offer products that appeal to those preferences. There are inherent marketplace risks associated with new product or packaging introductions, including uncertainties about trade and consumer acceptance. If we do not succeed in offering products that consumers want to buy, our sales and market share will decrease, resulting in reduced profitability. If we are unable to accurately predict which shifts in consumer preferences will be long-lasting, or are unable to introduce new and improved products to satisfy those preferences, our sales will decline. In addition, given the variety of backgrounds and identities of consumers in our consumer base, we must offer a sufficient array of products to satisfy the broad spectrum of consumer preferences. As such, we must be successful in developing innovative products across a multitude of product categories. In addition, the COVID-19 pandemic has altered, and in some cases, delayed product innovation efforts. Finally, if we fail to rapidly develop products in faster-growing and more profitable categories, we could experience reduced demand for our products, or fail to expand margins.

**We may not achieve our targeted cost savings, which may adversely affect our ability to grow margins**

We are pursuing multi-year cost savings initiatives with targeted annualized cost savings of $850 million for continuing operations by the end of 2022, which includes $295 million in synergies and run-rate cost savings from our acquisition of Snyder's-Lance. These initiatives require a substantial amount of management and operational resources. Our management team must successfully execute the administrative and operational changes necessary to achieve the anticipated benefits of these initiatives, including the integration of Snyder's-Lance in an efficient and effective manner. In some respects, our plans to achieve these cost savings continue to be refined. See "Management's Discussion and Analysis of Financial Condition and Results of Operation - Restructuring Charges and Cost Savings Initiatives" for additional information on these initiatives. We have recently delayed the implementation of system upgrades and certain other cost-saving and productivity initiatives due to the COVID-19 pandemic. Continued disruptions and uncertainties related to the COVID-19 pandemic for a sustained period of time could result in additional delays or modifications to our strategic plans and other initiatives and hinder our ability to achieve our cost savings and productivity initiatives on the same timelines. These and related demands on our resources may divert the organization's attention from other business issues, have adverse effects on existing business relationships with suppliers and customers and impact employee morale. Our success is partly dependent upon properly executing, and realizing cost savings or other benefits from, these often complex initiatives. Any failure to or delay in implementing our initiatives in accordance with our plans could adversely affect our ability to grow margins.

**We may not be able to increase prices to fully offset increases in prices of raw and packaging materials or distribution costs**

As a manufacturer of food and beverage products, the raw and packaging materials used in our business include tomato paste, grains, beef, poultry, dairy, potatoes and other vegetables, steel, aluminum, glass, paper and resin. Many of these materials are subject to price fluctuations from a number of factors, including but not limited to changes in crop size, cattle cycles, herd and flock disease, crop disease, crop pests, product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, supplier capacities, government-sponsored agricultural programs and other government policy, import and export requirements (including tariffs), drought and excessive rain, temperature extremes and other adverse weather events, water scarcity, scarcity of suitable agricultural land, scarcity of organic ingredients, pandemic illness (such as the COVID-19 pandemic) and other factors that may be beyond our control. Despite our ability to source raw materials necessary to meet increased demand for our products, certain ingredients and packaging, including steel, aluminum, glass, agricultural products, proteins and other commodities have been adversely impacted by the COVID-19 pandemic. Although we are unable to predict the impact to our ability to source these materials in the future, we expect these supply pressures to continue into 2021. The cost of distribution decreased in 2020 due to a decline in transportation and logistics costs, driven by excess availability, warehousing efficiencies and lower fuel costs, however, we have experienced a recent increase in transportation and logistics costs. We may not be able to offset any price increases through productivity or price increases or through our commodity hedging activity.

We try to pass along to customers some or all cost increases through increases in the selling prices of, or decreases in the packaging sizes of, some of our products. Higher product prices or smaller packaging sizes may result in reductions in sales volume. Consumers may be less willing to pay a price differential for our branded products and may increasingly purchase lower-priced offerings, or may forego some purchases altogether, during an economic downturn. To the extent that price increases or packaging size decreases are not sufficient to offset these increased costs, and/or if they result in significant decreases in sales volume, our business results and financial condition may be adversely affected.

**We may be adversely impacted by a changing customer landscape and the increased significance of some of our customers**

Our businesses are largely concentrated in the traditional retail grocery trade, which has experienced slower growth than other retail channels, such as dollar stores, drug stores, club stores and e-commerce retailers. We expect this trend away from traditional retail grocery to alternate channels to continue in the future. These alternative retail channels may also create consumer price deflation, affecting our retail customer relationships and presenting additional challenges to increasing prices in response to commodity or other cost increases. In addition, retailers with increased buying power and negotiating strength are seeking more favorable terms, including increased promotional programs and customized products funded by their suppliers. These customers may also use more of their shelf space for their private label products, which are generally sold at lower prices than branded products. If we are unable to use our scale, marketing, product innovation and category leadership positions to respond to these customer dynamics, our business or financial results could be adversely impacted.

In 2020, our five largest customers accounted for approximately 44% of our consolidated net sales from continuing operations, with the largest customer, Wal-Mart Stores, Inc. and its affiliates, accounting for approximately 21% of our consolidated net sales from continuing operations. In addition, The Kroger Co. and its affiliates accounted for approximately 9% of our consolidated net sales from continuing operations in 2020. There can be no assurance that our largest customers will continue to purchase our products in the same mix or quantities, or on the same terms as in the past. Disruption of sales to any of these customers, or to any of our other large customers, for an extended period of time could adversely affect our business or financial results.

**Our results may be adversely impacted if consumers do not maintain their favorable perception of our brands**

We have a number of iconic brands with significant value. Maintaining and continually enhancing the value of these brands is critical to the success of our business. Brand value is primarily based on consumer perceptions. Success in promoting and enhancing brand value depends in large part on our ability to provide high-quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about our products, packaging or ingredients (whether or not valid), our failure to maintain the quality of our products, the failure of our products to deliver consistently positive consumer experiences, or the products becoming unavailable to consumers. The growing use of social and digital media by consumers increases the speed and extent that information and opinions can be shared. Negative posts or comments about us, our brands, products or packaging on social or digital media could seriously damage our brands and reputation. If we do not maintain the favorable perception of our brands, our results could be adversely impacted.

**Disruption to our supply chain could adversely affect our business**

Our ability to manufacture and/or sell our products may be impaired by damage or disruption to our manufacturing, warehousing or distribution capabilities, or to the capabilities of our suppliers, contract manufacturers, logistics service providers or independent distributors. This damage or disruption could result from execution issues, as well as factors that are hard to predict or beyond our control such as increased temperatures due to climate change, water stress, extreme weather events, natural disasters, product or raw material scarcity, fire, terrorism, pandemics (such as the COVID-19 pandemic), strikes, cybersecurity breaches, government shutdowns, disruptions in logistics, supplier capacity constraints or other events. Commodity prices have become, and may continue to be, more volatile during the COVID-19 pandemic. Production of the agricultural commodities used in our business may also be adversely affected by drought and excessive rain, temperature extremes and other adverse weather events, water scarcity, scarcity of suitable agricultural land, scarcity of organic ingredients, crop size, cattle cycles, herd and flock disease, crop disease and crop pests. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, may adversely affect our business or financial results, particularly in circumstances when a product is sourced from a single supplier or location. Disputes with significant suppliers, contract manufacturers, logistics service providers or independent distributors, including disputes regarding pricing or performance, may also adversely affect our ability to manufacture and/or sell our products, as well as our business or financial results.

We have experienced minor temporary workforce disruptions in our supply chain as a result of the COVID-19 pandemic. We have implemented employee safety measures, which exceed guidance from the Centers for Disease Control and Prevention



and World Health Organization, across all our supply chain facilities, including proper hygiene, enhanced sanitation, social distancing, mask use, plexiglass dividers, and temperature screenings. Even with these measures, there is risk that COVID-19 may spread through our workforce. Illness, travel restrictions, absenteeism, or other workforce disruptions could negatively affect our supply chain, manufacturing, distribution, or other business processes. We may face additional production disruptions in the future, which may place constraints on our ability to produce products in a timely manner or may increase our costs.

We experienced increased demand for our products in the second half of 2020. Short-term or sustained increases in consumer demand at our retail customers may exceed our production capacity or otherwise strain our supply chain. Our failure to meet the demand for our products could adversely affect our business and results of operations.

We are actively monitoring the continued spread of the COVID-19 pandemic and its ongoing impact on our supply chain and operations, however we are unable to accurately predict the future impact that the COVID-19 pandemic will have due to various uncertainties, including the ultimate geographic spread of the virus, the severity of the virus, the duration of the outbreak, and actions that may be taken by governmental authorities.

**If our food products become adulterated or are mislabeled, we might need to recall those items, and we may experience product liability claims and damage to our reputation**

We have in the past and we may, in the future, need to recall some of our products if they become adulterated or if they are mislabeled, and we may also be liable if the consumption of any of our products causes sickness or injury to consumers. 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. We could also suffer losses from a significant adverse product liability judgment. A significant product recall or product liability claim could also result in adverse publicity, damage to our reputation, and a loss of consumer confidence in the safety and/or quality of our products, ingredients or packaging. In addition, if another company recalls or experiences negative publicity related to a product in a category in which we compete, consumers might reduce their overall consumption of products in that category.

**An impairment of the carrying value of goodwill or other indefinite-lived intangible assets could adversely affect our financial results and net worth**

As of August 2, 2020, we had goodwill of $3,986 million and other indefinite-lived intangible assets of $2,611 million. Goodwill and indefinite-lived intangible assets are initially recorded at fair value and not amortized, but are tested for impairment at least annually or more frequently if impairment indicators arise. We test goodwill at the reporting unit level by comparing the carrying value of the net assets of the reporting unit, including goodwill, to the unit's fair value. Similarly, we test indefinite-lived intangible assets by comparing the fair value of the assets to their carrying values. Fair value for both goodwill and other indefinite-lived intangible assets is determined based on a discounted cash flow analysis. If the carrying values of the reporting unit or indefinite-lived intangible assets exceed their fair value, the goodwill or indefinite-lived intangible assets are considered impaired and reduced to fair value. Factors that could result in an impairment include a change in revenue growth rates, operating margins, weighted average cost of capital, future economic and market conditions or assumed royalty rates. We have experienced impairment charges in prior years. See "Significant Accounting Estimates" and Notes 3 and 6 to the Consolidated Financial Statements for additional information on such impairments. If current expectations for growth rates for sales and profits are not met, or other market factors and macroeconomic conditions that could be affected by the COVID-19 pandemic or otherwise were to change, we may be required in the future to record additional impairment of the carrying value of goodwill or other indefinite-lived intangible assets, which could adversely affect our financial results and net worth.

**Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brands**

We consider our intellectual property rights, particularly our trademarks, to be a significant and valuable aspect of our business. We protect our intellectual property rights through a combination of trademark, patent, copyright and trade secret protection, contractual agreements and policing of third-party misuses of our intellectual property. Our failure to obtain or adequately protect our intellectual property or any change in law that lessens or removes the current legal protections of our intellectual property may diminish our competitiveness and adversely affect our business and financial results.

Competing intellectual property claims that impact our brands or products may arise unexpectedly. Any litigation or disputes regarding intellectual property may be costly and time-consuming and may divert the attention of our management and key personnel from our business operations. We also may be subject to significant damages or injunctions against development, launch and sale of certain products. Any of these occurrences may harm our business and financial results.

**We may be adversely impacted by increased liabilities and costs related to our defined benefit pension plans**

We sponsor a number of defined benefit pension plans for certain employees in the U.S. and certain 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 our 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 our obligations or future funding requirements could have a material adverse effect on our financial results.

**We may be adversely impacted by a failure or security breach of our information technology systems**

Our information technology systems are critically important to our operations. We rely on our information technology systems (some of which are outsourced to third parties) to manage our data, communications and business processes, including our marketing, sales, manufacturing, procurement, logistics, customer service, accounting and administrative functions and the importance of such networks and systems has increased due to many of our employees working remotely as a result of the COVID-19 pandemic. If we do not allocate and effectively manage the resources necessary to build, sustain and protect appropriate information technology systems, our business or financial results could be adversely impacted. Furthermore, our information technology systems are subject to attack or other security breaches (including the access to or acquisition of customer, consumer, employee or other confidential information), service disruptions or other system failures. If we are unable to prevent or adequately respond to and resolve these breaches, disruptions or failures, our operations may be impacted, and we may suffer other adverse consequences such as reputational damage, litigation, remediation costs and/or penalties under various data protection laws and regulations.

To address the risks to our information technology systems and the associated costs, we maintain an information security program that includes updating technology and security policies, cyber insurance, employee training, and monitoring and routine testing of our information technology systems. We believe that these preventative actions provide adequate measures of protection against security breaches and generally reduce our cybersecurity risks. Although we have not experienced a material incident to date, there can be no assurance that these measures will prevent or limit the impact of a future incident. The cost to remediate damages to our information technology systems suffered as a result of a cyber attack could be significant.

In addition, in the event our suppliers or customers experience a breach or system failure, their businesses could be disrupted or otherwise negatively affected, which may result in a disruption in our supply chain or reduced customer orders, which would adversely affect our business and financial results. We have also outsourced several information technology support services and administrative functions to third-party service providers, and may outsource other functions in the future to achieve cost savings and efficiencies. If these service providers do not perform effectively due to breach or system failure, we may not be able to achieve the expected benefits and our business may be disrupted.

**We may not be able to attract and retain the highly skilled people we need to support our business**

We depend on the skills and continued service of key personnel, including our experienced management team. In addition, our ability to achieve our strategic and operating goals depends on our ability to identify, hire, train and retain qualified individuals. We also compete with other companies both within and outside of our industry for talented personnel, and we may lose key personnel or fail to attract, train and retain other talented personnel. Any such loss or failure may adversely affect our business or financial results. In addition, activities related to identifying, recruiting, hiring and integrating qualified individuals may require significant time and expense. We may not be able to locate suitable replacements for any key employees who leave, or offer employment to potential replacements on reasonable terms, each of which may adversely affect our business and financial results. We also recently streamlined our business into a two-division operating model, which could lead to operational challenges and higher employee turnover.

**Our results may be adversely affected by our inability to complete or realize the projected benefits of acquisitions, divestitures and other strategic transactions**

We have historically made strategic acquisition of brands and businesses and we may undertake additional acquisitions or other strategic transactions in the future. Our ability to meet our objectives with respect to acquisitions and other strategic transactions may depend in part on our ability to identify suitable counterparties, negotiate favorable financial and other contractual terms, obtain all necessary regulatory approvals on the terms expected and complete those transactions. Potential risks also include:

- the inability to integrate acquired businesses into our existing operations in a timely and cost-efficient manner, including implementation of enterprise-resource planning systems;
- diversion of management's attention from other business concerns;
- potential loss of key employees, suppliers and/or customers of acquired businesses;
- assumption of unknown risks and liabilities;



- the inability to achieve anticipated benefits, including revenues or other operating results;
- operating costs of acquired businesses may be greater than expected;
- the inability to promptly implement an effective control environment; and
- the risks inherent in entering markets or lines of business with which we have limited or no prior experience.

In addition, during the first half of 2020, we completed the sale of our Kelsen business and the Arnott’s and other international operations, and we may undertake other divestitures in the future. Any other businesses we decide to divest in the future may depend in part on our ability to identify suitable buyers, negotiate favorable financial and other contractual terms and obtain all necessary regulatory approvals on the terms expected. Potential risks of divestitures may also include:

- diversion of management's attention from other business concerns;
- loss of key suppliers and/or customers of divested businesses;
- the inability to separate divested businesses or business units effectively and efficiently from our existing business operations; and
- the inability to reduce or eliminate associated overhead costs.

If we are unable to complete or realize the projected benefits of future acquisitions, divestitures or other strategic transactions, our business or financial results may be adversely impacted.

## Market Conditions and Other General Risk Factors

**We face risks related to recession, financial and credit market disruptions and other economic conditions**

Customer and consumer demand for our products may be impacted by weak economic conditions, recession, equity market volatility or other negative economic factors in the U.S. or other nations. Similarly, disruptions in financial and/or credit markets, the risk of which has been heightened due to the COVID-19 pandemic, may impact our ability to manage normal commercial relationships with our customers, suppliers and creditors and might cause us to not be able to continue to access preferred sources of liquidity when we would like, and our borrowing costs could increase. The COVID-19 pandemic has increased volatility and pricing in the capital markets. We may not have access to preferred sources of liquidity when needed or on terms we find acceptable, and our borrowing costs could increase. An economic or credit crisis could occur and impair credit availability and our ability to raise capital when needed. A disruption in the financial markets may have a negative effect on our derivative counterparties and could impair our banking or other business partners, on whom we rely for access to capital and as counterparties to our derivative contracts. In addition, changes in tax or interest rates in the U.S. or other nations, whether due to recession, economic disruptions or other reasons, may adversely impact us.

The administering regulatory authority regulating the London Interbank Offered Rate (LIBOR) announced that it intends to phase out LIBOR by the end of December 2021. Our variable rate debt and revolving credit facility use LIBOR as a benchmark for establishing interest rates. While we expect to have paid off our variable-rate debt and replaced or renegotiated our revolving credit facility by the end of December 2021, we may incur additional indebtedness and/or negotiate new credit terms that will rely on an alternative interest rate method to LIBOR. Any legal or regulatory changes made in response to LIBOR’s future discontinuance may result in, among other things, a sudden or prolonged increase or decrease in LIBOR, a delay in the publication of LIBOR, or changes in the rules or methodologies in LIBOR. In addition, alternative methods to LIBOR may not yet have been established by the end of December 2021, and the impact of such alternative methods may be impossible or impracticable to determine. While we do not expect that the transition from LIBOR and risks related thereto will have a material adverse effect on our financing costs, it is still uncertain at this time.

**Actions of activist shareholders could cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business**

We were the target of activist shareholder activities in 2019. If a new activist investor purchased our stock, our business could be adversely affected because responding to proxy contests and reacting to other actions by activist shareholders can be costly and time-consuming, disruptive to our operations and divert the attention of management and our employees. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist shareholder initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, customers, employees, suppliers and other strategic partners, and cause our share price to experience periods of volatility or stagnation.

**Legal and Regulatory Risk Factors**

**We may be adversely impacted by legal and regulatory proceedings or claims**

We are a party to a variety of legal and regulatory proceedings and claims arising out of the normal course of business. See Note 20 to the Consolidated Financial Statements for information regarding reportable legal proceedings. Since these actions are inherently uncertain, there is no guarantee that we will be successful in defending ourselves against such proceedings or claims, or that our assessment of the materiality or immateriality of these matters, including any reserves taken in connection with such matters, will be consistent with the ultimate outcome of such proceedings or claims. In particular, the marketing of food products has come under increased scrutiny in recent years, and the food industry has been subject to an increasing number of proceedings and claims relating to alleged false or deceptive marketing under federal, state and foreign laws or regulations. Additionally, the independent contractor distribution model, which is used by Pepperidge Farm and Snyder's-Lance, has also come under increased regulatory scrutiny. Our independent contractor distribution model has also been the subject of various class and individual lawsuits in recent years. In the event we are unable to successfully defend ourselves against these proceedings or claims, or if our assessment of the materiality of these proceedings or claims proves inaccurate, our business or financial results may be adversely affected. In addition, our reputation could be damaged by allegations made in proceedings or claims (even if untrue). Furthermore, actions we have taken or may take, or decisions we have made or may make, as a consequence of the COVID-19 pandemic, may result in investigations, legal claims or litigation against us.

**Increased regulation or changes in law could adversely affect our business or financial results**

The manufacture and marketing of food products is extensively regulated. Various laws and regulations govern the processing, packaging, storage, distribution, marketing, advertising, labeling, quality and safety of our food products, as well as the health and safety of our employees and the protection of the environment. In the U.S., we are subject to regulation by various federal government agencies, including but not limited to the Food and Drug Administration, the 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. We are also regulated by similar agencies outside the U.S.

Governmental and administrative bodies within the U.S. are considering a variety of tax, trade and other regulatory reforms. Trade reforms include tariffs on certain materials used in the manufacture of our products and tariffs on certain finished products. We regularly move data across national and state borders to conduct our operations and, consequently, are subject to a variety of laws and regulations in the U.S. and other jurisdictions regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. There is significant uncertainty with respect to compliance with such privacy and data protection laws and regulations because they are continuously evolving and developing and may be interpreted and applied differently from country to country and state to state and may create inconsistent or conflicting requirements.

Changes in legal or regulatory requirements (such as new food safety requirements and revised regulatory requirements for the labeling of nutrition facts, serving sizes and genetically modified ingredients), or evolving interpretations of existing legal or regulatory requirements, may result in increased compliance cost, capital expenditures and other financial obligations that could adversely affect our business and financial results.

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

None.



**Item 2.** ***Properties***

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

***Inside the U.S.***

***Arizona***
Goodyear (S)

***California***
Dixon (MB)
Stockton (MB)

***Connecticut***
Bloomfield (S)

***Florida***
Lakeland (S)

***Georgia***
Columbus (S)

***Illinois***
Downers Grove (S)

***Indiana***
Jeffersonville (S)

***Massachusetts***
Hyannis (S)

***North Carolina***
Charlotte (S)
Maxton (MB)

***Ohio***
Ashland (S)
Napoleon (MB)
Willard (S)

***Oregon***
Salem (S)
Tualatin (MB)

***Pennsylvania***
Denver (S)
Downingtown (S)
Hanover (S)

***Texas***
Paris (MB)

***Utah***
Richmond (S)

***Wisconsin***
Beloit (S)
Franklin (S)
Milwaukee (MB)

MB - Meals & Beverages
S - Snacks

Each of the foregoing manufacturing facilities is company-owned, except the Tualatin, Oregon facility, which is leased. We also maintain principal business unit offices in Charlotte, North Carolina; Doral, Florida; Hanover, Pennsylvania; Norwalk, Connecticut; Tualatin, Oregon; and Mississauga, Canada.

We also own and lease distribution centers across the U.S. We believe that our manufacturing and processing plants and distribution centers are well maintained and, together with facilities operated by our contract manufacturers, are generally adequate to support the current operations of the businesses.

**Item 3.** ***Legal Proceedings***

Information regarding reportable legal proceedings is contained in Note 20 to the Consolidated Financial Statements and incorporated herein by reference.

**Item 4.** ***Mine Safety Disclosures***

Not applicable.

**Information about our Executive Officers**

The section below provides information regarding our executive officers as of September 16, 2020:

| Name, Present Title & Business Experience | Age | Year First Appointed Executive Officer |
|---|---|---|
| Mick J. Beekhuizen, Executive Vice President and Chief Financial Officer. Executive Vice President and Chief Financial Officer, Chobani LLC (2016-2019). Executive Vice President and Chief Financial Officer, Education Management Corporation (2013-2016). | 44 | 2020 |
| Xavier F. Boza, Executive Vice President and Chief Human Resources Officer. Vice President, Human Resources of Campbell Soup Company (2015-2018). Regional Vice President, Human Resources of Kellogg Company (2013-2015). | 56 | 2018 |
| Adam G. Ciongoli, Executive Vice President and General Counsel. Executive Vice President and General Counsel of Lincoln Financial Group (2012-2015). | 52 | 2015 |
| Mark A. Clouse, President and Chief Executive Officer. Chief Executive Officer of Pinnacle Foods, Inc. (2016-2018). Chief Commercial Officer (2016) and Executive Vice President and Chief Growth Officer (2014-2016) of Mondelez International, Inc. | 52 | 2019 |
| Christopher D. Foley, Executive Vice President and President, Meals & Beverages. We have employed Mr. Foley in an executive or managerial capacity for at least five years. | 48 | 2019 |
| Robert J. Furbee, Executive Vice President, Global Supply Chain. We have employed Mr. Furbee in an executive or managerial capacity for at least five years. | 58 | 2017 |
| Valerie J. Oswalt, Executive Vice President and President, Campbell Snacks. Chief Executive Officer, Century Snacks (2018-2020). President, Mondelez North America Confections (2017-2018). President, Mondelez North America Sales (2015-2017). | 47 | 2020 |
| Craig S. Slavtcheff, Executive Vice President, Chief R&D and Innovation Officer. We have employed Mr. Slavtcheff in an executive or managerial capacity for at least five years. | 53 | 2019 |

# PART II

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

**Market for Registrant's Capital Stock**

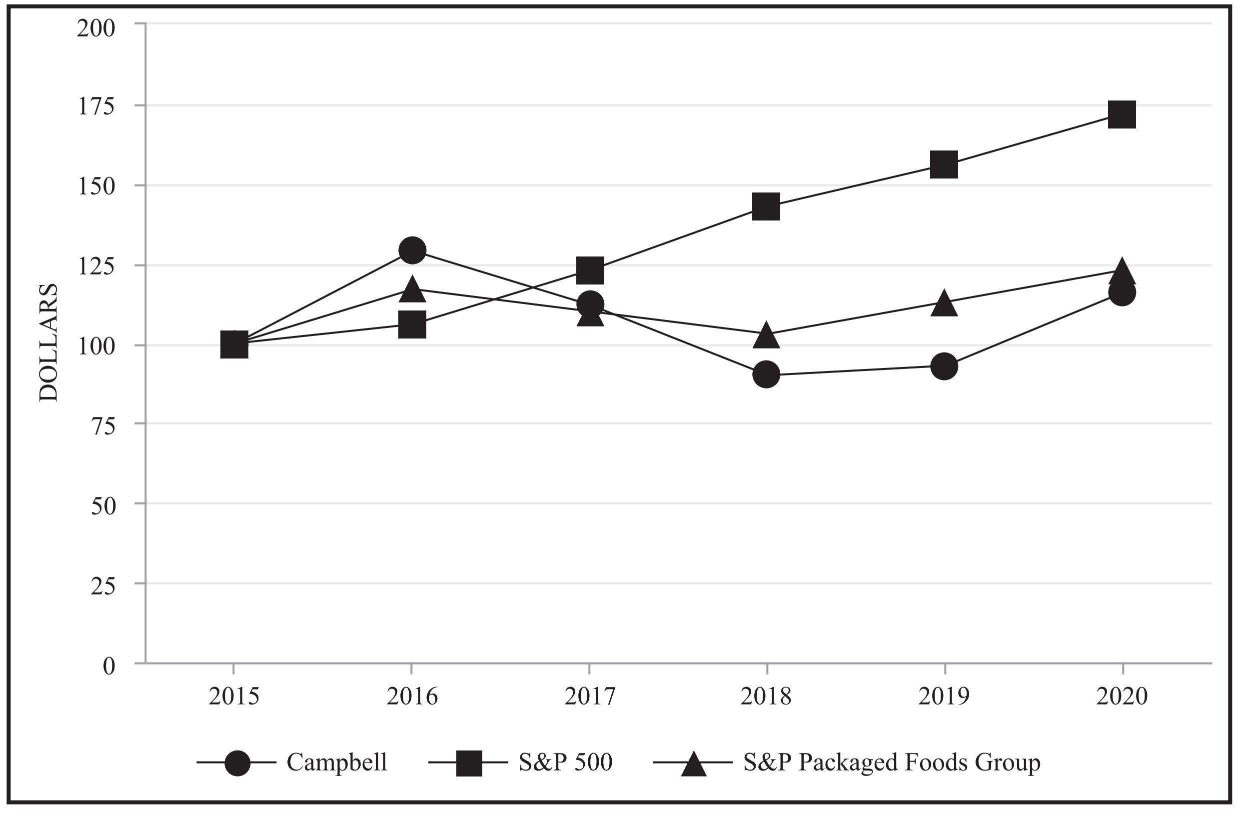
Our capital stock is traded on the New York Stock Exchange under the symbol "CPB." On September 16, 2020, there were 16,868 holders of record of our capital stock.

**Return to Shareholders* Performance Graph**

The information contained in this Return to Shareholders Performance Graph section shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), except to the extent we specifically incorporate it by reference into a document filed under the Securities Exchange Act of 1933, as amended, or the Exchange Act.



The following graph compares the cumulative total shareholder return (TSR) on our stock with the cumulative total return of the Standard & Poor's 500 Stock Index (the S&P 500) and the Standard & Poor's Packaged Foods Index (the S&P Packaged Foods Group). The graph assumes that $100 was invested on July 31, 2015, in each of our stock, the S&P 500 and the S&P Packaged Foods Group, 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 August 2, 2020.




* Stock appreciation plus dividend reinvestment.

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| Campbell | 100 | 129 | 112 | 90 | 93 | **116** |
| S&P 500 | 100 | 106 | 123 | 143 | 156 | **172** |
| S&P Packaged Foods Group | 100 | 117 | 110 | 103 | 113 | **123** |

**Issuer Purchases of Equity Securities**

None.

## Item 6. *Selected Financial Data*

| Fiscal Year (Millions, except per share amounts) | 2020[1] | 2019[2] | 2018[3] | 2017[4] | 2016[5] |
|---|---|---|---|---|---|
| **Summary of Operations** | | | | | |
| Net sales | **$ 8,691** | $ 8,107 | $ 6,615 | $ 5,837 | $ 5,868 |
| Earnings before interest and taxes | **1,107** | 979 | 1,010 | 1,431 | 865 |
| Earnings before taxes | **766** | 625 | 830 | 1,316 | 751 |
| Earnings from continuing operations | **592** | 474 | 724 | 924 | 509 |
| Earnings (loss) from discontinued operations | **1,036** | (263) | (463) | (37) | 54 |
| Net earnings | **1,628** | 211 | 261 | 887 | 563 |
| Net earnings attributable to Campbell Soup Company | **1,628** | 211 | 261 | 887 | 563 |
| **Financial Position** | | | | | |
| Total assets | **$12,372** | $13,148 | $14,529 | $ 7,726 | $ 7,837 |
| Total debt[6] | **6,196** | 8,712 | 9,894 | 3,536 | 3,533 |
| Total equity | **2,569** | 1,112 | 1,373 | 1,645 | 1,533 |
| **Per Share Data** | | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company - basic | **$ 1.96** | $ 1.57 | $ 2.41 | $ 3.03 | $ 1.65 |
| Earnings from continuing operations attributable to Campbell Soup Company - assuming dilution | **1.95** | 1.57 | 2.40 | 3.01 | 1.64 |
| Net earnings attributable to Campbell Soup Company - basic | **5.39** | .70 | .87 | 2.91 | 1.82 |
| Net earnings attributable to Campbell Soup Company - assuming dilution | **5.36** | .70 | .86 | 2.89 | 1.81 |
| Dividends declared | **1.40** | 1.40 | 1.40 | 1.40 | 1.248 |
| **Other Statistics** | | | | | |
| Capital expenditures | **$ 299** | $ 384 | $ 407 | $ 338 | $ 341 |
| Weighted average shares outstanding - basic | **302** | 301 | 301 | 305 | 309 |
| Weighted average shares outstanding - assuming dilution | **304** | 302 | 302 | 307 | 311 |

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

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance that amends accounting for leases. In July 2018, the FASB issued an adoption approach that allows entities to apply the new guidance and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption without restating prior periods. We adopted the guidance in 2020 using this transition method.

In May 2014, the FASB issued revised guidance on the recognition of revenue from contracts with customers. We adopted the guidance in 2019 using the modified retrospective method.

In March 2017, the FASB issued guidance that changes the presentation of net periodic pension cost and net periodic postretirement benefit cost. The guidance also allows only the service cost component to be eligible for capitalization when applicable (for example, as a cost of internally manufactured inventory). We adopted the guidance in 2018 and retrospectively adjusted prior periods.

In March 2016, the FASB issued guidance that amends accounting for share-based payments, including the accounting for income taxes, forfeitures, and statutory withholding requirements, as well as classification in the statement of cash flows. We adopted the guidance in 2017 and retrospectively adjusted prior periods.

The 2020 fiscal year consisted of 53 weeks. All other periods had 52 weeks.

(1) The 2020 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and costs of $52 million ($.17 per share) associated with restructuring and cost savings initiatives; losses of $92 million ($.30 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; pension settlement charges of $33 million ($.11 per share); a loss of $35 million ($.12 per share) associated with the sale of our limited partnership interest in Acre Venture Partners, L.P.; a loss of $37 million ($.12 per share) on the sale of the European chips business; and a loss of $57 million ($.19 per share) on the extinguishment of debt. Earnings from discontinued operations were impacted by net gains of $1,000 million ($3.29 per share) associated with the sale of the Kelsen business and the Arnott's and other international operations (collectively referred to as Campbell International).

(2) The 2019 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and costs of $92 million ($.30 per share) associated with restructuring and cost savings initiatives; impairment charges of $13 million ($.04 per share) related to the European chips business; a pension settlement charge of $22 million ($.07 per share); losses of $93 million ($.31 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; and a tax charge of $2 million ($.01 per share) due to the enactment of the Tax Cuts and Jobs Act that was signed into law in December 2017 (the Act). Loss from discontinued operations was impacted by the following: impairment charges of $275 million ($.91 per share) related to Campbell Fresh; expenses of $51 million ($.17 per share) associated with the sale process of the businesses in Campbell Fresh, including losses on the sale of the businesses, and on deferred tax assets that were not realizable; impairment charges of $12 million ($.04 per share) related to Kelsen; costs of $10 million ($.03 per share) associated with the planned divestiture of Campbell International; and losses of $9 million ($.03 per share) associated with mark-to-market adjustments for defined benefit pension plans.

(3) The 2018 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and costs of $132 million ($.44 per share) associated with restructuring and cost savings initiatives; gains of $100 million ($.33 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; impairment charges of $41 million ($.14 per share) related to the *Plum* trademark; transaction and integration costs of $73 million ($.24 per share) associated with the acquisition of Snyder's-Lance; a net tax benefit of $126 million ($.42 per share) due to the enactment of the Act; and a loss of $15 million ($.05 per share) related to the settlement of a legal claim. Loss from discontinued operations was impacted by the following: a restructuring charge and costs of $4 million ($.01 per share) associated with restructuring and cost savings initiatives; impairment charges of $571 million ($1.89 per share) related to the Bolthouse Farms refrigerated beverages and salad dressings reporting unit, the deli reporting unit, and the Bolthouse Farms carrot and carrot ingredients reporting unit; and gains of $3 million ($.01 per share) associated with mark-to-market and curtailment adjustments for defined benefit pension plans.

(4) The 2017 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and costs of $30 million ($.10 per share) associated with restructuring and cost savings initiatives; gains of $100 million ($.33 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; and a tax benefit of $52 million ($.17 per share) primarily associated with the sale of intercompany notes receivable to a financial institution. Loss from discontinued operations were impacted by the following: a restructuring charge and costs of $7 million ($.02 per share) associated with restructuring and cost savings initiatives; impairment charges of $180 million ($.59 per share) related to the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit and the Garden Fresh Gourmet reporting unit; a reduction to interest expense of $4 million ($.01 per share) primarily associated with the sale of intercompany notes receivable to a financial institution; and gains of $16 million ($.05 per share) associated with mark-to-market adjustments for defined benefit pension plans.

(5) The 2016 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and costs of $49 million ($.16 per share) associated with restructuring and cost savings initiatives; and losses of $187 million ($.60 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans. Earnings from discontinued operations were impacted by the following: impairment charges of $127 million ($.41 per share) related to the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit; losses of $13 million ($.04 per share) associated with mark-to-market adjustments for defined benefit pension plans; and a gain of $25 million ($.08 per share) associated with a settlement of a claim related to the Kelsen acquisition.

(6) Total debt includes debt related to discontinued operations. In 2019, debt related to discontinued operations was $238 million.

Selected Financial Data 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

This Management's Discussion and Analysis of Financial Condition and Results of Operations is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes to the consolidated financial statements presented in "Financial Statements and Supplementary Data," as well as the information contained in "Risk Factors."

Unless otherwise stated, the terms "we," "us," "our" and the "company" refer to Campbell Soup Company and its consolidated subsidiaries.

#### *Executive Summary*

We are a manufacturer and marketer of high-quality, branded food and beverage products. We operate in a highly competitive industry and experience competition in all of our categories.

2020 illustrated the importance of a focused strategic plan and a dynamic team as we faced the unprecedented challenges of the COVID-19 pandemic. The year can be viewed in two clear and separate halves. The first half of 2020 was a period of steady execution against our strategic roadmap. We began the year focused on strengthening our brand powerhouse, with two distinct divisions concentrated in North America: Meals & Beverages and Snacks; each home to strong portfolios of products. We kicked off our "Win in Soup" strategic plan and completed our planned divestitures of our Campbell International and European chips business, using the proceeds to reduce our leverage while implementing a new operating model to optimize growth and profitability. The groundwork we established in the first half of 2020 served as a springboard for the business into the second half of the year, when progress against our strategy accelerated as a result of the COVID-19 pandemic.

With the spread of the COVID-19 pandemic in North America during the second half of 2020, we experienced significantly higher sales for our retail products in both our Meals & Beverages and Snacks segments, especially in retail chains and large grocery supermarkets. This result was attributable to a change in retail demand, as consumers significantly increased their current food purchases for at-home consumption, which more than offset the declines in our foodservice business during the same period. We also saw elevated repeat purchase rates and new buyers of our products, especially in our soup business. The higher sales trends of our retail products may lessen or reverse in 2021 if customers or consumers alter their purchasing habits.

In response to increased demand for our retail products during the second half of 2020, we have taken steps, including modifying production schedules and temporarily adjusting product mix, to increase our production capacity to meet the increased demand for our retail products. During the second half of 2020, we also experienced higher costs in certain areas such as front-line employee compensation and independent contractor payments, as well as incremental costs associated with newly added health screenings, temperature checks and enhanced cleaning and sanitation protocols to protect our employees and product quality standards, which may continue or increase in 2021.

Overall, we benefited from increased product demand and favorable product mix as we leveraged our supply chain assets to respond to the impact of the pandemic. Consequently, our full-year results significantly exceeded our initial annual targets for net sales and earnings from continuing operations.

In 2019, we sold our U.S. refrigerated soup business, our Garden Fresh Gourmet business and our Bolthouse Farms business. Beginning in the third quarter of 2019, we have reflected the results of operations of these businesses as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Campbell Fresh reportable segment. A portion of the U.S. refrigerated soup business historically included in Campbell Fresh was retained and is now reported in Meals & Beverages.

As discussed above, we completed the sale of our Kelsen business on September 23, 2019. On December 23, 2019, we completed the sale of our Arnott's business and certain other international operations, including the simple meals and shelf-stable beverages businesses in Australia and Asia Pacific (the Arnott's and other international operations). Beginning in the fourth quarter of 2019, we have reflected the results of operations of the Kelsen business and the Arnott's and other international operations (collectively referred to as Campbell International) as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Snacks reportable segment. In addition, on October 11, 2019, we completed the sale of our European chips business. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment. See Notes 3 and 7 to the Consolidated Financial Statements for additional information on these divestitures and reportable segments.

Through the fourth quarter of 2019, our retail business in Latin America was managed as part of the Meals & Beverages segment. Beginning in 2020, our business in Latin America is managed as part of the Snacks segment. Segment results have been adjusted to conform to the current presentation.



#### *Strategy*

Our strategy is to deliver profitable growth by focusing on our core brands in two divisions within North America while delivering on the promise of our purpose - *Real food that matters for life's moments*. Our strategic plan is based on four pillars: create a profitable growth model; fuel investments and margins with targeted cost savings; build a winning team and culture; and deliver on the promise of our purpose all as further discussed below.

We plan to continue to build upon our consumer and customer engagement models, which we believe will enhance our profitable growth model. We plan to do this through the development of more consumer-oriented product quality, marketing and innovation plans and prioritizing channels and retailers within our defined portfolio roles. In addition, we expect to continue to focus on the growth of our snacks business while also investing in U.S. soup and our other core brands.

We also expect to continue pursuing our multi-year cost savings initiatives with targeted annualized cost savings of $850 million for continuing operations by the end of 2022, which includes $295 million in synergies and run-rate cost savings from our acquisition of Snyder's-Lance, Inc. (Snyder's-Lance). We expect to achieve these additional savings with continued network optimization, organization consolidation and integration, procurement savings and incremental savings opportunities across several cost categories. See "Restructuring Charges and Cost Savings Initiatives" for additional information on these initiatives.

We also plan to focus on building a winning team and culture by improving our employee experience, advancing our inclusion and diversity strategy and investing in strategic capabilities that support our core brands in North America. In addition, we plan to continue to deliver on the promise of our purpose with consumer transparency initiatives, progress on our sustainability goals and strengthening our connection to the communities in which we operate.

#### *Business Trends*

Our businesses are being influenced by a variety of trends that we anticipate will continue in the future, including: changing consumer preferences; a competitive and dynamic retail environment; and cost inflation.

Our strategy is designed, in part, to capture growing consumer preferences for snacking and convenience. For example, we believe that consumers are changing their eating habits by increasing the type and frequency of snacks they consume. We also expect consumers to continue to seek products that they associate with health and well-being, including naturally functional and organic foods as well as plant-based foods.

Retailers continue to use their buying power and negotiating strength to seek increased promotional programs funded by their suppliers and more favorable terms, including increased promotional programs and customized products funded by their suppliers. Any consolidations among retailers would continue to create large and sophisticated customers that may further this trend. Retailers also continue to grow and promote store brands that compete with branded products, while other challenger brands drive innovation and engagement that threatens our market share.

The spread of the COVID-19 pandemic in North America has led to shifts in the growth of the retail channels in which we sell our products. Our businesses are largely concentrated in the traditional retail grocery trade, which prior to the pandemic, had experienced slower growth than other retail channels, such as dollar stores, drug stores, club stores and e-commerce retailers. The COVID-19 pandemic has shifted growth back to the traditional grocery trade. Although there is significant uncertainty as to how the retail channels will perform in the future, we anticipate that the growth of e-commerce, including omnichannel click and collect models, as well as alternative retail channels, such as club and dollar stores, to continue.

The spread of the COVID-19 pandemic also resulted in increased demand for our retail products, as consumers significantly increased their current food purchases for at-home consumption. In response to increased demand for our retail products during the second half of 2020, we have taken steps, including modifying production schedules and temporarily adjusting product mix, to increase our production capacity to meet the increased demand for our retail products. The continued spread of the COVID-19 pandemic and any resulting government stay-at-home orders in the United States in 2021 may continue to drive consumer demand for our products, which may be in excess of our ability to supply. In mitigating supply chain risks associated with the COVID-19 pandemic, we experienced higher costs in certain areas such as front-line employee compensation and independent contractor payments, as well as incremental costs associated with newly added health screenings, temperature checks and enhanced cleaning and sanitation protocols to protect our employees and product quality standards, which may continue or increase in 2021.

The cost of distribution decreased in 2020 due to a decline in transportation and logistics costs, driven by excess availability, warehousing efficiencies and lower fuel costs, however, we have experienced a recent increase in transportation and logistics costs. Despite our ability to source raw materials necessary to meet increased demand for our products, certain ingredients and packaging, including steel, aluminum, glass, agricultural products, proteins and other commodities have been adversely impacted by the COVID-19 pandemic. Although we are unable to predict the impact to our ability to source these materials in the future with any certainty, we expect these supply pressures to continue into 2021.

***Summary of Results***

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

There were 53 weeks in 2020. There were 52 weeks in 2019 and 2018.

- Net sales increased 7% in 2020 to $8,691 million, primarily due to gains in Meals & Beverages and Snacks. The 53rd week contributed 2 points of growth, which was mostly offset by the impact of the divestiture of the European chips business. As a result of COVID-19, net sales accelerated in our retail products in the second half of 2020 with increased demand of food purchases for at-home consumption, partly offset by declines in foodservice as a result of shifts in consumer behavior and continued COVID-19 restrictions.
- Gross profit, as a percent of sales, increased to 34.5% in 2020 from 33.2% a year ago. The increase was primarily due to supply chain productivity improvements, cost savings initiatives, favorable product mix and operating leverage, partly offset by cost inflation and other supply chain costs, including the impact of COVID-19.
- Interest expense decreased to $345 million in 2020 from $356 million a year ago. The current year included a loss of $75 million related to extinguishment of debt. After adjusting for this item, interest expense declined primarily due to lower levels of debt and lower average interest rates on the debt portfolio.
- Earnings from continuing operations per share were $1.95 in 2020, compared to $1.57 a year ago. The current and prior year included expenses of $1.01 and $.74 per share, respectively, from items impacting comparability as discussed below.
- Earnings from discontinued operations per share were $3.41 in the 2020, compared to a Loss per share of $.87 a year ago. The current year included gains of $3.29 and the prior year included expenses of $1.18 per share from items impacting comparability as discussed below.

***Net Earnings attributable to Campbell Soup Company - 2020 Compared with 2019***

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

<u>Continuing Operations</u>

- In 2020, we recognized losses of $121 million in Other expenses / (income) ($92 million after tax, $.30 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans. In 2019, we recognized losses of $122 million in Other expenses / (income) ($93 million after tax, or $.31 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans;
- In 2020, we recognized pre-tax pension settlement charges in Other expenses / (income) of $43 million ($33 million after tax, or $.11 per share) associated with U.S. and Canadian pension plans. In 2019, we recognized a pre-tax pension settlement charge in Other expenses / (income) of $28 million ($22 million after tax, or $.07 per share) associated with a U.S. pension plan. The settlements resulted from the level of lump sum distributions from the plans' assets;
- We implemented several cost savings initiatives in recent years. In 2020, we recorded a pre-tax restructuring charge of $9 million and implementation costs and other related costs of $48 million in Administrative expenses, $9 million in Cost of products sold, $2 million in Marketing and selling expenses, and $1 million in Research and development expenses (aggregate impact of $52 million after tax, or $.17 per share) related to these initiatives. In 2019, we recorded a pre-tax restructuring charge of $31 million and implementation costs and other related costs of $62 million in Administrative expenses, $18 million in Cost of products sold, $7 million in Marketing and selling expenses, and $3 million in Research and development expenses (aggregate impact of $92 million after tax, or $.30 per share) related to these initiatives. See Note 8 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;
- On April 26, 2020, we entered into an agreement to sell our limited partnership interest in Acre Venture Partnerships, L.P. (Acre). The transaction closed on May 8, 2020. In the third quarter of 2020, we recorded a loss in Other expenses / (income) of $45 million ($35 million after tax, or $.12 per share) as a result of the pending sale. See Note 16 to the Consolidated Financial Statements for additional information;
- In 2020, we recorded a loss in Other expenses / (income) of $64 million ($37 million after tax, or $.12 per share) on the sale of our European chips business;
- In 2020, we recorded a loss in Interest expense of $75 million ($57 million after tax, or $.19 per share) on the extinguishment of debt;



- In 2019, we recorded a tax charge of $2 million ($.01 per share) related to a transition tax on unremitted foreign earnings under the enactment of the Tax Cuts and Jobs Act (the Act). See Note 13 to the Consolidated Financial Statements and "Taxes on Earnings" for additional information; and
- In the fourth quarter of 2019, we performed an assessment on the assets within the European chips business and recorded a non-cash impairment charge of $16 million ($13 million after tax, or $.04 per share) on intangible assets in Other expenses / (income). See Note 6 to the Consolidated Financial Statements for additional information.

<u>Discontinued Operations</u>

- In 2020, we recognized pre-tax net gains of $1,039 million ($1,000 million after tax, or $3.29 per share) associated with the sale of Campbell International. In 2019, we incurred pre-tax expenses of $32 million associated with the sale process of Campbell Fresh, including transaction costs. In addition, we recorded tax expense of $29 million as deferred tax assets on Bolthouse Farms were not realizable. The aggregate impact was $51 million after tax, or $.17 per share. In 2019, we also incurred costs of $12 million ($10 million after tax, or $.03 per share) associated with the planned divestiture of Campbell International. The total aggregate impact was $61 million after tax, or $.20 per share;
- In 2019, we recognized losses of $12 million ($9 million after tax, or $.03 per share) associated with mark-to-market adjustments for defined benefit pension plans; and
- In the fourth quarter of 2019, as part of our annual review of intangible assets, we recognized a non-cash impairment charge of $7 million on a trademark and $10 million on goodwill in Kelsen due to a lower long-term outlook for sales and the pending sale of the business. The aggregate impact was $17 million ($12 million after tax, or $.04 per share).

  In the second quarter of 2019, interim impairment assessments were performed on the intangible and tangible assets within Campbell Fresh, which included Garden Fresh Gourmet, Bolthouse Farms carrot and carrot ingredients and Bolthouse Farms refrigerated beverages and salad dressings, as we continued to pursue the divestiture of these businesses. We revised our future outlook for earnings and cash flows for each of these businesses as the divestiture process progressed. We recorded non-cash impairment charges of $104 million on the tangible assets and $73 million on the intangible assets of Bolthouse Farms carrot and carrot ingredients; $96 million on the intangible assets and $9 million on the tangible assets of Bolthouse Farms refrigerated beverages and salad dressings; and $62 million on the intangible assets and $2 million on the tangible assets of Garden Fresh Gourmet. The aggregate impact of the impairment charges was $346 million ($264 million after tax, or $.87 per share).

  In the first quarter of 2019, we recorded a non-cash impairment charge of $14 million ($11 million after tax, or $.04 per share) on our U.S. refrigerated soup plant assets.

  In 2019, total non-cash impairment charges recorded were $377 million ($287 million after tax, or $.95 per share).

The items impacting comparability are summarized below:

| (Millions, except per share amounts) | 2020 Earnings Impact | 2020 EPS Impact | 2019 Earnings Impact | 2019 EPS Impact |
|---|---|---|---|---|
| Earnings from continuing operations attributable to Campbell Soup Company | **$ 592** | **$ 1.95** | $ 474 | $ 1.57 |
| Earnings (loss) from discontinued operations | **$ 1,036** | **$ 3.41** | $ (263) | $ (.87) |
| Net earnings attributable to Campbell Soup Company | **$ 1,628** | **$ 5.36** | $ 211 | $ .70 |
| Continuing operations: | | | | |
| Pension and postretirement benefit mark-to-market adjustments | **$ (92)** | **$ (.30)** | $ (93) | $ (.31) |
| Pension settlement charges | **(33)** | **(.11)** | (22) | (.07) |
| Restructuring charges, implementation costs and other related costs | **(52)** | **(.17)** | (92) | (.30) |
| Investment losses | **(35)** | **(.12)** | — | — |
| Charges associated with divestiture | **(37)** | **(.12)** | — | — |
| Loss on debt extinguishment | **(57)** | **(.19)** | — | — |
| Tax reform | **—** | **—** | (2) | (.01) |
| Impairment charges | **—** | **—** | (13) | (.04) |
| Impact of items on Earnings from continuing operations[(1)] | **$ (306)** | **$ (1.01)** | $ (222) | $ (.74) |
| Discontinued operations: | | | | |
| Gains (charges) associated with divestitures | **$ 1,000** | **$ 3.29** | $ (61) | $ (.20) |
| Pension benefit mark-to-market adjustments | **—** | **—** | (9) | (.03) |
| Impairment charges | **—** | **—** | (287) | (.95) |
| Impact of items on Earnings (loss) from discontinued operations | **$ 1,000** | **$ 3.29** | $ (357) | $ (1.18) |

(1) Sum of the individual amounts may not add due to rounding.

Earnings from continuing operations were $592 million ($1.95 per share) in 2020, compared to $474 million ($1.57 per share) in 2019. After adjusting for items impacting comparability, earnings increased reflecting sales volume gains, including the benefit of the additional week, an improved gross profit performance and lower interest expense, partially offset by increased marketing investment. The additional week contributed approximately $.04 per share to Earnings from continuing operations in 2020.

See "Discontinued Operations" for additional information.

***Net Earnings attributable to Campbell Soup Company - 2019 Compared with 2018***

In addition to the 2019 items that impacted comparability of Net earnings discussed above, the following items impacted the comparability of net earnings and net earnings per share:

*Continuing Operations*

- In 2018, we recognized gains of $131 million in Other expenses / (income) ($100 million after tax, or $.33 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans;
- In 2018, we recorded a pre-tax restructuring charge of $42 million and implementation costs and other related costs of $87 million in Administrative expenses, $45 million in Cost of products sold, and $3 million in Marketing and selling expenses (aggregate impact of $132 million after tax, or $.44 per share) related to the cost savings initiatives discussed above. See Note 8 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;
- In 2018, we recorded a tax benefit of $179 million due to the remeasurement of deferred tax assets and liabilities, and a tax charge of $53 million related to a transition tax on unremitted foreign earnings under the enactment of the Act. The net impact was a tax benefit of $126 million ($.42 per share). See Note 13 to the Consolidated Financial Statements and "Taxes on Earnings" for additional information;
- In the fourth quarter of 2018, we performed an impairment assessment on the *Plum* trademark. In 2018, sales and operating performance were well below expectations due in part to competitive pressure and reduced margins. In the fourth quarter of 2018, as part of a strategic review initiated by a new leadership team and based on recent performance, we lowered our long-term outlook for future sales. We recorded a non-cash impairment charge of $54 million ($41 million after tax, or $.14 per share) in Other expenses / (income). See "Significant Accounting Estimates" for additional information;
- In the second quarter of 2018, we announced our intent to acquire Snyder's-Lance and on March 26, 2018, the acquisition closed. In 2018, we incurred $120 million of transaction and integration costs, of which $13 million was recorded in Restructuring charges, $12 million in Administrative expenses, $53 million in Other expenses / (income), and $42 million in Cost of products sold associated with an acquisition date fair value adjustment for inventory. We also recorded a gain in Interest expense of $18 million on treasury rate lock contracts used to hedge the planned financing of the acquisition. The aggregate impact was $102 million, $73 million after tax, or $.24 per share; and
- In 2018, we recorded expense of $22 million in Other expenses / (income) ($15 million after tax, or $.05 per share) from a settlement of a legal claim.

*Discontinued Operations*

- In 2018, we recognized gains of $5 million ($3 million after tax, or $.01 per share) associated with mark-to-market and curtailment adjustments for defined benefit pension plans;
- In the third quarter of 2018, we performed interim impairment assessments within Campbell Fresh on the deli reporting unit, which includes Garden Fresh Gourmet and the U.S. refrigerated soup business, and the Bolthouse Farms refrigerated beverages and salad dressings reporting unit. Within the deli unit, we revised our long-term outlook due to the anticipated loss of refrigerated soup business with certain private label customers, as well as the performance of the business. In addition, the operating performance of the Bolthouse Farms refrigerated beverages and salad dressings reporting unit was below expectations. We revised our long-term outlook for future earnings and cash flows for each of these reporting units. We recorded a non-cash impairment charge of $11 million on the tangible assets and $94 million on the intangible assets ($80 million after tax, or $.27 per share) of the deli reporting unit, and a non-cash impairment charge of $514 million ($417 million after tax, or $1.39 per share) related to the intangible assets of the Bolthouse Farms refrigerated beverages and salad dressings reporting unit. The aggregate impact of the impairment charges was $619 million ($497 million after tax, or $1.65 per share).

  In the second quarter of 2018, we performed an interim impairment assessment on the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit as operating performance was below expectations. We revised our outlook for future earnings and cash flows and recorded a non-cash impairment charge of $75 million ($74 million after tax, or $.25 per share).

  In 2018, the total non-cash impairment charges recorded were $694 million ($571 million after tax, or $1.89 per share); and
- In 2018, we recorded a pre-tax restructuring charge of $7 million and implementation costs and other related costs of $1 million in Administrative expenses (aggregate impact of $4 million after tax, or $.01 per share) related to the cost savings initiatives discussed above. See Note 8 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information.

The items impacting comparability are summarized below:

| (Millions, except per share amounts) | 2019 Earnings Impact | 2019 EPS Impact | 2018 Earnings Impact | 2018 EPS Impact |
|---|---|---|---|---|
| Earnings from continuing operations attributable to Campbell Soup Company | $ 474 | $ 1.57 | $ 724 | $ 2.40 |
| Loss from discontinued operations | $ (263) | $ (.87) | $ (463) | $ (1.53) |
| Net earnings attributable to Campbell Soup Company[(1)] | $ 211 | $ .70 | $ 261 | $ .86 |
| Continuing operations: | | | | |
| Pension and postretirement benefit mark-to-market adjustments | $ (93) | $ (.31) | $ 100 | $ .33 |
| Pension settlement charges | (22) | (.07) | — | — |
| Restructuring charges, implementation costs and other related costs | (92) | (.30) | (132) | (.44) |
| Tax reform | (2) | (.01) | 126 | .42 |
| Impairment charges | (13) | (.04) | (41) | (.14) |
| Transaction and integration costs | — | — | (73) | (.24) |
| Claim settlement | — | — | (15) | (.05) |
| Impact of items on Earnings from continuing operations[(1)] | $ (222) | $ (.74) | $ (35) | $ (.12) |
| Discontinued operations: | | | | |
| Charges associated with divestitures | $ (61) | $ (.20) | $ — | $ — |
| Pension benefit mark-to-market and curtailment adjustments | (9) | (.03) | 3 | .01 |
| Impairment charges | (287) | (.95) | (571) | (1.89) |
| Restructuring charges, implementation costs and other related costs | — | — | (4) | (.01) |
| Impact of items on Loss from discontinued operations | $ (357) | $ (1.18) | $ (572) | $ (1.89) |

(1) Sum of the individual amounts may not add due to rounding.

Earnings from continuing operations were $474 million ($1.57 per share) in 2019, compared to $724 million ($2.40 per share) in 2018. After adjusting for items impacting comparability, earnings decreased reflecting higher interest expense, partly offset by a lower adjusted tax rate as incremental earnings before interest and taxes (EBIT) from the Snyder's-Lance acquisition were mostly offset by declines in EBIT in the base business.

See "Discontinued Operations" for additional information.

**DISCUSSION AND ANALYSIS**

***Sales***

An analysis of net sales by reportable segment follows:

| (Millions) | 2020 | 2019 | 2018 | % Change 2020/2019 | % Change 2019/2018 |
|---|---|---|---|---|---|
| Meals & Beverages | **$ 4,646** | $ 4,252 | $ 4,233 | 9 | — |
| Snacks | **4,045** | 3,854 | 2,379 | 5 | 62 |
| Corporate | **—** | 1 | 3 | n/m | n/m |
| | **$ 8,691** | $ 8,107 | $ 6,615 | 7 | 23 |

n/m - Not meaningful.



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

| 2020 versus 2019 | Meals & Beverages[(2)] | Snacks | Total |
|---|---|---|---|
| Volume and mix | 8% | 6% | 7% |
| Price and sales allowances | 1 | — | — |
| (Increased)/decreased promotional spending[(1)] | (1) | — | (1) |
| Divestiture | — | (3) | (1) |
| Estimated impact of 53rd week | 2 | 2 | 2 |
| | 9% | 5% | 7% |

| 2019 versus 2018 | Meals & Beverages | Snacks | Total |
|---|---|---|---|
| Volume and mix | (1)% | 2% | —% |
| (Increased)/decreased promotional spending[(1)] | (1) | 1 | — |
| Acquisitions | 2 | 59 | 23 |
| | —% | 62% | 23% |

(1) Represents revenue reductions from trade promotion and consumer coupon redemption programs.
(2) Sum of the individual amounts does not add due to rounding.

In 2020, Meals & Beverages sales increased 9%. Excluding the benefit of the 53rd week, sales increased primarily due to gains in the U.S. retail business driven by U.S. soup, *Prego* pasta sauces and *V8* beverages, as well as gains in Canada, partially offset by declines in foodservice. Volume and mix increased in the retail business driven by COVID-19, with increased demand of food purchases for at-home consumption in the second half of 2020. The foodservice business was negatively impacted by shifts in consumer behavior and continued COVID-19 related restrictions, as well as the loss of a refrigerated soup contract. Including a 2-point benefit from the additional week, sales of U.S. soup increased 14% due to gains in condensed soups, ready-to-serve soups and broth.

In 2019, Meals & Beverages sales were comparable with prior year reflecting a 2-point benefit from the acquisition of Pacific Foods of Oregon, LLC (Pacific Foods), partially offset by declines in U.S. soup, the retail business in Canada driven by the negative impact of currency translation and *Prego* pasta sauces. Excluding Pacific Foods, sales of U.S. soup decreased 2% due to declines in condensed and ready-to-serve soups, partly offset by gains in broth. The decline in U.S. soup was driven primarily by continued competitive pressure across the market as well as increased promotional spending.

In 2020, Snacks sales increased 5%. Excluding the impact of the European chips divestiture and the benefit of the 53rd week, sales increased driven by volume gains reflecting increased demand of food purchases for at-home consumption in the second half of 2020, as well as base business performance. The sales increases reflect gains in *Goldfish* crackers, Pepperidge Farm cookies and fresh bakery products, as well as *Kettle Brand* and *Cape Cod* potato chips, *Late July* snacks and *Snyder's of Hanover* pretzels.

In 2019, Snacks sales increased 62% with a 59-point benefit of the acquisition of Snyder's-Lance. Excluding the impact of the acquisition of Snyder's-Lance, sales increased reflecting growth in Pepperidge Farm, with gains in *Goldfish* crackers, fresh bakery products and in cookies, as well as *Kettle Brand* potato chips, *Late July* snacks and *Snack Factory Pretzel Crisps*.

***Gross Profit***

Gross profit, defined as Net sales less Cost of products sold, increased by $306 million in 2020 from 2019 and increased by $319 million in 2019 from 2018. As a percent of sales, gross profit was 34.5% in 2020, 33.2% in 2019 and 35.9% in 2018.

The 1.3 percentage-point increase and the 2.7 percentage-point decrease in gross profit percentage in 2020 and 2019, respectively, were due to the following factors:

| | Margin Impact | |
|---|---|---|
| | 2020 | 2019 |
| Productivity improvements | **1.4** | 1.3 |
| Mix | **0.7** | — |
| Price and sales allowances | **0.3** | 0.3 |
| Lower restructuring-related costs | **0.1** | 0.4 |
| Higher level of promotional spending | **(0.4)** | (0.2) |
| Cost inflation, supply chain costs and other factors[1] | **(0.8)** | (3.0) |
| Impact of acquisitions | **—** | (1.5) |
| | **1.3%** | (2.7)% |

[1] 2020 includes an estimated positive margin impact of 1.3 from the benefit of cost savings initiatives and operating leverage, which was more than offset by cost inflation and other factors, including the impact of COVID-19. 2019 includes a positive margin impact of 0.8 from cost savings initiatives, which was more than offset by cost inflation and other factors, including higher than expected distribution costs associated with the startup of a new distribution facility in Findlay, Ohio, operated by a third-party logistics provider.

***Marketing and Selling Expenses***

Marketing and selling expenses as a percent of sales were 10.9% in 2020, 10.4% in 2019 and 11.0% in 2018. Marketing and selling expenses increased 12% in 2020 from 2019. The increase was primarily due to higher advertising and consumer promotion expenses (approximately 14 percentage points); higher selling expenses (approximately 2 percentage points); higher incentive compensation (approximately 1 percentage point); and higher costs related to marketing overhead (approximately 1 percentage point), partially offset by increased benefits from cost savings initiatives (approximately 5 percentage points) and lower costs associated with cost savings initiatives (approximately 1 percentage point). The increase in advertising and consumer promotion expenses was primarily in Meals & Beverages due to increased support of U.S. soup, and in Snacks due to increased support of key brands.

Marketing and selling expenses increased 16% in 2019 from 2018. The increase was primarily due to the impact of acquisitions (approximately 19 percentage points); higher incentive compensation (approximately 2 percentage points) and higher costs related to costs savings initiatives (approximately 1 percentage point), partially offset by increased benefits from cost savings initiatives (approximately 3 percentage points) and lower advertising and consumer promotion expenses (approximately 3 percentage points). The reduction in advertising and consumer promotion expenses was primarily in Meals & Beverages, reflecting a reallocation from advertising to promotional spending classified as revenue reductions, reduced support levels in light of distribution challenges faced in the first quarter and a later start to our U.S. soup campaign relative to 2018.

***Administrative Expenses***

Administrative expenses as a percent of sales were 7.2% in 2020, 7.5% in 2019 and 8.5% in 2018. Administrative expenses increased 2% in 2020 from 2019. The increase was primarily due to higher incentive compensation (approximately 4 percentage points); higher information technology costs (approximately 3 percentage points); higher inflation and general administrative costs (approximately 3 percentage points) and increases in charitable contributions (approximately 2 percentage points), partially offset by increased benefits from cost savings initiatives (approximately 8 percentage points) and lower costs associated with cost savings initiatives (approximately 2 percentage points).

Administrative expenses increased 8% in 2019 from 2018. The increase was primarily due to the impact of acquisitions (approximately 10 percentage points); higher incentive compensation (approximately 7 percentage points); and costs associated with the proxy contest (approximately 1 percentage point), partially offset by lower costs associated with cost savings initiatives inclusive of acquisition integration costs (approximately 7 percentage points) and increased benefits from cost savings initiatives (approximately 3 percentage points).

***Other Expenses / (Income)***

Other expenses in 2020 included the following:

- $73 million of net periodic benefit expense, including losses of $121 million on pension and postretirement benefit mark-to-market adjustments and pension settlement charges of $43 million associated with U.S. and Canadian pension plans;
- $64 million loss on the sale of the European chips business;



- $45 million loss on Acre; and
- $43 million of amortization of intangible assets.

Other expenses in 2019 included the following:

- $71 million of net periodic benefit expense, including losses of $122 million on pension and postretirement benefit mark-to-market adjustments and a pension settlement charge of $28 million associated with a U.S. pension plan;
- $48 million of amortization of intangible assets; and
- $16 million non-cash impairment charge related to the European chips business.

Other income in 2018 included the following:

- $225 million of net periodic benefit income, including gains of $131 million on pension and postretirement benefit mark-to-market adjustments;
- $20 million of amortization of intangible assets;
- $22 million of expense related to the settlement of a legal claim;
- $53 million of transaction costs associated with the acquisition of Snyder's-Lance; and
- $54 million non-cash impairment charge related to the *Plum* trademark.

For additional information on the impairment charges, see "Significant Accounting Estimates."

***Operating Earnings***

Segment operating earnings increased 8% in 2020 from 2019 and increased 3% in 2019 from 2018.

An analysis of operating earnings by segment follows:

| | | | | % Change | |
|---|---|---|---|---|---|
| (Millions) | 2020 | 2019 | 2018 | 2020/2019 | 2019/2018 |
| Meals & Beverages | **$ 983** | $ 895 | $ 979 | 10 | (9) |
| Snacks | **551** | 522 | 392 | 6 | 33 |
| | **1,534** | 1,417 | 1,371 | 8 | 3 |
| Corporate expense | **(418)** | (407) | (306) | | |
| Restructuring charges[1] | **(9)** | (31) | (55) | | |
| Earnings before interest and taxes | **$ 1,107** | $ 979 | $ 1,010 | | |

[1] See Note 8 to the Consolidated Financial Statements for additional information on restructuring charges.

Operating earnings from Meals & Beverages increased 10% in 2020 versus 2019. The increase was primarily due to sales volume gains, including the benefit of the additional week, and improved gross profit performance, partially offset by increased marketing support and higher administrative expenses. Gross profit performance was impacted by the benefits of supply chain productivity improvements and cost savings initiatives, as well as improved operating leverage and favorable product mix, partially offset by cost inflation and other supply chain costs, including COVID-19 related costs incurred in the second half of 2020.

Operating earnings from Meals & Beverages decreased 9% in 2019 versus 2018. The decrease was primarily due to higher levels of cost inflation and higher warehousing and transportation costs, as well as higher promotional spending and higher incentive compensation expenses, partly offset by supply chain productivity improvements, lower marketing and selling expenses and the benefits of cost savings initiatives.

Operating earnings from Snacks increased 6% in 2020 versus 2019. The increase primarily due to sales volume gains, including the benefit of the additional week, improved gross profit performance, partially offset by increased marketing support. Gross profit performance was impacted by the benefits of supply chain productivity improvements and cost savings initiatives, as well as favorable product mix and improved operating leverage, partially offset by cost inflation and other supply chain costs, including COVID-19 related costs incurred in the second half of 2020.

Operating earnings from Snacks increased 33% in 2019 versus 2018. The increase reflects a 31-point benefit from the acquisition of Snyder's-Lance. The remaining increase was primarily due to higher sales, supply chain productivity improvements and lower promotional spending, partly offset by higher marketing and selling expenses, higher levels of cost inflation and higher incentive compensation expenses. Operating earnings benefited from lapping the costs associated with the voluntary product recall of *Flavor Blasted Goldfish* crackers in July 2018.

Corporate in 2020 included the following:

- $121 million of losses on pension and postretirement benefit mark-to-market adjustments;
- a loss of $64 million from the sale of the European chips business;
- costs of $60 million related to the cost savings initiatives;
- a loss of $45 million on Acre; and
- pension settlement charges of $43 million associated with U.S. and Canadian pension plans.

Corporate in 2019 included the following:

- $122 million of losses on pension and postretirement benefit mark-to-market adjustments;
- costs of $90 million related to the cost savings initiatives;
- a pension settlement charge of $28 million associated with a U.S. pension plan; and
- non-cash impairment charge of $16 million related to the European chips business.

Corporate in 2018 included the following:

- costs of $135 million related to the cost savings initiatives;
- transaction and integration costs of $107 million associated with the acquisition of Snyder's-Lance;
- non-cash impairment charge of $54 million related to the *Plum* trademark;
- $22 million of expense related to the settlement of a legal claim; and
- $131 million of gains on pension and postretirement benefit mark-to-market adjustments.

Excluding these amounts, the remaining decrease in costs in 2020 primarily reflects higher other income and lower administrative expenses.

Excluding these amounts, the remaining increase in costs in 2019 was primarily due to higher incentive compensation expenses.

***Interest Expense***

Interest expense decreased to $345 million in 2020 from $356 million in 2019. The decrease in interest expense was due to lower levels of debt and lower average interest rates on the debt portfolio, partially offset by a loss on extinguishment of debt of $75 million.

Interest expense increased to $356 million in 2019 from $183 million in 2018. The increase in interest expense was due to higher levels of debt associated with funding the acquisitions, higher average interest rates on the debt portfolio and a gain of $18 million on treasury rate lock contracts in 2018 used to hedge the planned financing of the Snyder's-Lance acquisition.

***Taxes on Earnings***

The effective tax rate was 22.7% in 2020, 24.2% in 2019 and 12.8% in 2018.

The decrease in the effective rate in 2020 from 2019 was primarily due to the tax benefit on the sale of the European chips business.

On December 22, 2017, the Act was enacted into law and made significant changes to corporate taxation. As a result, the following items are reflected in 2018:

- The corporate rate reduction as of January 1, 2018, resulted in a blended U.S. statutory tax rate of approximately 27%;
- Remeasurement of deferred tax assets and liabilities resulted in a tax benefit of $179 million; and
- Imposition of a transition tax on unremitted foreign earnings resulted in a tax charge of $53 million.

See Note 13 to the Consolidated Financial Statements for additional information.

Tax expense increased from $106 million in 2018 to $151 million in 2019.

The following items impacted 2019 and 2018:

- In 2019, we recognized a tax benefit of $29 million on $122 million of pension and postretirement benefit mark-to-market losses. In 2018, we recognized tax expense of $31 million on $131 million of pension and postretirement benefit mark-to-market gains;
- In 2019, we recognized a $6 million tax benefit on $28 million of a pension settlement charge;



- In 2019, we recognized a $29 million tax benefit on $121 million of restructuring charges, implementation costs and other related costs. In 2018, we recognized a $45 million tax benefit on $177 million of restructuring charges, implementation costs and other related costs;
- In 2019, we recognized a transition tax on unremitted foreign earnings of $2 million related to the enactment of the Act. In 2018, we recognized a net tax benefit of $126 million related to the enactment of the Act on the remeasurement of deferred tax assets and liabilities and transition tax on unremitted foreign earnings described above;
- In 2019, we recognized a $3 million tax benefit on a $16 million impairment charge on the European chips business. In 2018, we recognized a $13 million tax benefit on a $54 million impairment charge on the *Plum* trademark;
- In 2018, we recognized a $29 million tax benefit on $102 million of transaction and integration costs associated with the acquisition of Snyder's-Lance; and
- In 2018, we recognized a $7 million tax benefit on the $22 million of expense related to the settlement of a legal claim.

After adjusting for the items above, the remaining decrease in the effective rate in 2019 was primarily due to the ongoing benefit of the lower U.S. federal tax rate resulting from the enactment of the Act.

***Restructuring Charges and Cost Savings Initiatives***

*Multi-year Cost Savings Initiatives and Snyder's-Lance Cost Transformation Program and Integration*

Beginning in fiscal 2015, we implemented initiatives to reduce costs and to streamline our organizational structure.

In recent years, we expanded these initiatives by further optimizing our supply chain and manufacturing networks, including closing our manufacturing facility in Toronto, Ontario, as well as our information technology infrastructure.

On March 26, 2018, we completed the acquisition of Snyder's-Lance. Prior to the acquisition, Snyder's-Lance launched a cost transformation program following a comprehensive review of its operations with the goal of significantly improving its financial performance. We continue to implement this program. In addition, we have identified opportunities for additional cost synergies as we integrate Snyder's-Lance.

Cost estimates, as well as timing for certain activities, are continuing to be developed.

A summary of pre-tax charges recorded in Earnings from continuing operations related to these initiatives is as follows:

| (Millions, except per share amounts) | 2020 | 2019 | 2018 | Recognized as of August 2, 2020 |
|---|---|---|---|---|
| Restructuring charges | **$ 9** | $ 31 | $ 55 | $ 238 |
| Administrative expenses | **48** | 62 | 99 | 311 |
| Cost of products sold | **9** | 18 | 45 | 76 |
| Marketing and selling expenses | **2** | 7 | 3 | 12 |
| Research and development expenses | **1** | 3 | — | 4 |
| Total pre-tax charges | **$ 69** | $ 121 | $ 202 | $ 641 |
| Aggregate after-tax impact | **$ 52** | $ 92 | $ 150 | |
| Per share impact | **$ .17** | $ .30 | $ .50 | |

A summary of the pre-tax charges recorded in Earnings (loss) from discontinued operations is as follows:

| (Millions) | 2020 | 2019 | 2018 | Recognized as of August 2, 2020[(1)] |
|---|---|---|---|---|
| Total pre-tax charges | $ — | $ — | $ 8 | $ 23 |

(1) Includes $19 million of severance pay and benefits and $4 million of implementation costs and other related costs.

As of April 28, 2019, we incurred substantially all of the costs for actions associated with discontinued operations. All of the costs were cash expenditures.

A summary of the pre-tax costs in Earnings from continuing operations associated with the initiatives is as follows:

| (Millions) | Recognized as of August 2, 2020 |
|---|---|
| Severance pay and benefits | $ 214 |
| Asset impairment/accelerated depreciation | 67 |
| Implementation costs and other related costs | 360 |
| Total | $ 641 |

The total estimated pre-tax costs for actions associated with continuing operations that have been identified are approximately $665 million to $690 million. This estimate will be updated as costs for the expanded initiatives are developed.

We expect the costs for actions associated with continuing operations that have been identified to date to consist of the following: approximately $215 million to $220 million in severance pay and benefits; approximately $70 million in asset impairment and accelerated depreciation; and approximately $380 million to $400 million in implementation costs and other related costs. We expect these pre-tax costs to be associated with our segments as follows: Meals & Beverages - approximately 33%; Snacks - approximately 42%; and Corporate - approximately 25%.

Of the aggregate $665 million to $690 million of pre-tax costs associated with continuing operations identified to date, we expect approximately $585 million to $610 million will be cash expenditures. In addition, we expect to invest approximately $420 million in capital expenditures through 2022, of which we invested $336 million as of August 2, 2020. The capital expenditures primarily relate to the U.S. warehouse optimization project, improvement of quality, safety and cost structure across the Snyder's-Lance manufacturing network, implementation of an SAP enterprise-resource planning system for Snyder's-Lance, optimization of information technology infrastructure and applications, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, insourcing of manufacturing for certain simple meal products, and optimization of the Snyder's-Lance warehouse and distribution network.

We expect to incur substantially all of the costs for the actions associated with continuing operations that have been identified to date through 2021 and to fund the costs through cash flows from operations and short-term borrowings.

We expect the initiatives for actions associated with continuing operations that have been identified to date to generate pre-tax savings of approximately $800 million to $810 million in 2021, and once all phases are implemented, to generate annual ongoing savings of approximately $850 million by the end of 2022. The annual pre-tax savings associated with continuing operations generated were as follows:

| (Millions) | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|
| Total pre-tax savings | **$ 725** | $ 560 | $ 395 | $ 325 | $ 215 | $ 85 |

The initiatives for actions associated with discontinued operations generated pre-tax savings of over $90 million in 2019 and $60 million in 2018.

Segment operating results do not include restructuring charges, implementation costs and other related costs because we evaluate segment performance excluding such charges. A summary of the pre-tax costs in Earnings from continuing operations associated with segments is as follows:

| (Millions) | 2020 | Costs Incurred to Date |
|---|---|---|
| Meals & Beverages | $ 9 | $ 220 |
| Snacks | 50 | 251 |
| Corporate | 10 | 170 |
| Total | $ 69 | $ 641 |

See Note 8 to the Consolidated Financial Statements for additional information.

***Discontinued Operations***

On February 25, 2019, we sold our U.S. refrigerated soup business, and on April 25, 2019, we sold our Garden Fresh Gourmet business. Proceeds were $55 million. On June 16, 2019, we sold our Bolthouse Farms business. Proceeds were $500 million. Beginning in the third quarter of 2019, we have reflected the results of these businesses as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Campbell Fresh reportable segment.



We completed the sale of our Kelsen business on September 23, 2019, for $322 million. We also completed the sale of the Arnott's and other international operations on December 23, 2019, for $2,286 million. The purchase price was subject to certain post-closing adjustments, which resulted in $4 million of additional proceeds in the third quarter of 2020. Beginning in the fourth quarter of 2019, we have reflected the results of operations of the Kelsen business and the Arnott's and other international operations, or Campbell International, as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Snacks reportable segment.

Results of discontinued operations were as follows:

| | Campbell International | | | Campbell Fresh | |
|---|---|---|---|---|---|
| (Millions) | 2020 | 2019 | 2018 | 2019 | 2018 |
| Net sales | **$ 359** | $ 1,046 | $ 1,120 | $ 756 | $ 950 |
| Impairment charges | **$ —** | $ 17 | $ — | $ 360 | $ 694 |
| Earnings (loss) before taxes from operations | **$ 53** | $ 120 | $ 163 | $ (359) | $ (721) |
| Taxes on earnings (loss) from operations | **17** | 41 | 47 | (78) | (142) |
| Gain (loss) on sales of businesses / costs associated with selling the businesses | **1,039** | (12) | — | (32) | — |
| Tax expense (benefit) on sales / costs associated with selling the businesses | **39** | (2) | — | 19 | — |
| Earnings (loss) from discontinued operations | **$ 1,036** | $ 69 | $ 116 | $ (332) | $ (579) |

In 2020, Campbell International sales and earnings from operations decreased reflecting the sales of the businesses.

The sale of the Arnott's and other international operations resulted in a substantial capital gain for tax purposes. We were able to utilize capital losses, which were offset with valuation allowances as of July 28, 2019, to offset the capital gain.

In 2019, Campbell International sales decreased reflecting the negative impact of currency translation and declines in Kelsen cookies in the U.S.

In the fourth quarter of 2019, as part of our annual review of intangible assets, we recognized an impairment charge of $7 million on a trademark and $10 million on goodwill in Kelsen due to a lower long-term outlook for sales and the pending sale of the business.

In 2019, excluding items impacting comparability, earnings from Campbell International declined primarily due to a lower gross profit percentage, reflecting higher supply chain costs and higher promotional spending, as well as the negative impact of currency translation.

In 2019, Campbell Fresh sales decreased primarily due to the sale of the businesses, as well as declines in refrigerated soup, *Bolthouse Farms* refrigerated beverages and Garden Fresh Gourmet.

In 2019 and 2018, we recorded impairment charges on the reporting units in Campbell Fresh. See "Significant Accounting Estimates" for additional information. In 2019, we recorded non-cash impairment charges of $360 million ($275 million after tax, or $.91 per share). In 2018, the total non-cash impairment charges were $694 million ($571 million after tax, or $1.89 per share). In 2019, we incurred pre-tax expenses of $32 million associated with the sale process of the businesses, including transaction costs. In addition, we recorded tax expense of $29 million in the third quarter as deferred tax assets associated with Bolthouse Farms were not realizable. In 2018, loss from operations included a benefit from the favorable resolution of a tax matter.

## LIQUIDITY AND CAPITAL RESOURCES

We expect foreseeable liquidity and capital resource requirements to be met through anticipated cash flows from operations; long-term borrowings; short-term borrowings, which may include commercial paper; credit facilities; and cash and cash equivalents. We believe that our sources of financing will be adequate to meet our future requirements.

We generated cash flows from operations of $1,396 million in 2020, compared to $1,398 million in 2019. The decline in 2020 was primarily due to changes in working capital, mostly offset by higher cash earnings and lower other cash payments.

We generated cash flows from operations of $1,398 million in 2019, compared to $1,305 million in 2018. The increase in 2019 was primarily due to improvements in working capital management efforts and higher cash earnings.

Current assets are less than current liabilities as a result of our level of current maturities of long-term debt and short-term borrowings and our focus to lower core working capital requirements. We had negative working capital of $690 million as of

August 2, 2020, and $1,418 million as of July 28, 2019. Total debt maturing within one year was $1,202 million as of August 2, 2020, and $1,603 million as of July 28, 2019.

Capital expenditures were $299 million in 2020, $384 million in 2019 and $407 million in 2018. Capital expenditures in 2020 were lower than 2019 reflecting delays in certain projects impacted by the spread of the COVID-19 pandemic. Capital expenditures are expected to total approximately $350 million in 2021. Capital expenditures in 2020 included the implementation of an SAP enterprise-resource planning system for Snyder's-Lance, a *Milano* cookie capacity expansion project, chip capacity expansion projects, and a *Goldfish* cracker capacity expansion project. Capital expenditures in 2019 included a U.S. warehouse optimization project, replacement of a Pepperidge Farm refrigeration system, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, a Snyder's-Lance regional distribution center, a *Milano* cookie capacity expansion project, and a *Goldfish* cracker capacity expansion project. Capital expenditures in 2018 included a U.S. warehouse optimization project; transition of production of the Toronto manufacturing facility to our U.S. thermal plants; insourcing manufacturing for certain simple meal products; replacement of a Pepperidge Farm refrigeration system; and an Australian multi-pack biscuit capacity expansion project.

Pepperidge Farm and Snyder's-Lance have a direct-store-delivery distribution model that uses independent contractor distributors. In order to maintain and expand this model, we routinely purchase and sell routes. The purchase and sale proceeds of the routes are reflected in investing activities.

Primarily in response to the impact of the COVID-19 outbreak and the ensuing uncertainty surrounding the operating environment and the commercial paper market, as well as favorable credit markets at the time, on April 24, 2020, we issued senior unsecured notes in an aggregate principal amount of $1,000 million, consisting of $500 million aggregate principal amount of notes bearing interest at a fixed rate of 2.375% per annum, due April 24, 2030, and $500 million aggregate principal amount of notes bearing interest at a fixed rate of 3.125% per annum, due April 24, 2050. On May 1, 2020, we used $300 million of the net proceeds to repay $300 million of borrowings outstanding under our revolving credit facility and we intend to use the remaining net proceeds to repay a portion of our outstanding commercial paper as it comes due and for general corporate purposes, thereby lessening our reliance on commercial paper. The 2.375% Senior Notes due 2030 and the 3.125% Senior Notes due 2050 may each be redeemed at the applicable redemption price, in whole or in part, at our option at any time and from time to time prior to January 24, 2030, and October 24, 2049, respectively. Interest on each of the notes is due semi-annually on April 24 and October 24, commencing on October 24, 2020. The notes contain customary covenants and events of default. If a change of control triggering event occurs, we will be required to offer to purchase the notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the purchase date.

On February 25, 2019, we sold our U.S refrigerated soup business, and on April 25, 2019, we sold our Garden Fresh Gourmet business. Proceeds were $55 million. On June 16, 2019, we sold our Bolthouse Farms business. Proceeds were $500 million.

We completed the sale of our Kelsen business on September 23, 2019, for $322 million. On September 30, 2019, we repaid $399 million of our senior unsecured term loan facility using net proceeds from the Kelsen sale and the issuance of commercial paper. In addition, on October 11, 2019, we completed the sale of our European chips business for £63 million, or $77 million.

We completed the sale of the Arnott's and other international operations on December 23, 2019, for $2,286 million. The purchase price was subject to certain post-closing adjustments, which resulted in $4 million of additional proceeds in the third quarter of 2020. We used the net proceeds from the sale to reduce our debt through a series of actions. On December 31, 2019, we repaid the $100 million outstanding balance on our senior unsecured term loan facility. On January 22, 2020, we completed the redemption of all $500 million outstanding aggregate principal amount of our 4.25% Senior Notes due 2021, which were issued in connection with our acquisition of Snyder's-Lance. On January 24, 2020, we settled tender offers to purchase $1,200 million in aggregate principal amount of certain unsecured debt, comprising $329 million of 3.30% Senior Notes due 2021, $634 million of 3.65% Senior Notes due 2023, and $237 million of 3.80% Senior Notes due 2043. Except for the $237 million of 3.80% Senior Notes due 2043, the Senior Notes settled under the tender offer were issued in connection with our acquisition of Snyder's-Lance. The consideration for the redemption and the tender offers was $1,765 million, including $65 million of premium. We recognized a loss of $75 million (including $65 million of premium, fees and other costs paid with the tender offers and unamortized debt issuance costs), which was recorded in Interest expense in the Consolidated Statement of Earnings. In addition, we paid accrued and unpaid interest on the purchased notes through the dates of settlement. The net divestiture proceeds remaining after these debt reduction activities were used to reduce commercial paper borrowings. See Note 14 to the Consolidated Financial Statements for additional information.

On March 26, 2018, we completed the acquisition of Snyder's-Lance. Total consideration was $6,112 million, which included the payoff of approximately $1,100 million of Snyder's-Lance indebtedness. We borrowed $900 million under a single draw 3-year senior unsecured term loan facility on March 26, 2018, and issued $5,300 million in the aggregate principal amount of Senior Notes on March 16, 2018, to finance the acquisition. The senior unsecured term loan facility contained customary covenants and events of default for credit facilities of this type and a maximum leverage ratio covenant. During the fourth quarter of 2019, we prepaid $401 million of the facility. As a result of such prepayment, the maximum leverage ratio covenant



in the senior unsecured term loan facility no longer applied. We repaid the remaining balance of the facility in 2020 in connection with the divestitures as disclosed above. The $5,300 million in the aggregate principal amount of Senior Notes were issued in various tenors in both fixed and floating rate formats. We issued 2 and 3-year floating rate Senior notes in the amount of $500 million and $400 million, respectively. We issued 3, 5, 7, 10, and 30-year fixed rate Senior Notes in the amount of $650 million, $1,200 million, $850 million, $1,000 million, and $700 million, respectively. The fixed rate Senior Notes may be redeemed, in whole or in part, at our option at any time at the applicable redemption price. The notes contain customary covenants and events of default. If change of control triggering events occur, we will be required to offer to purchase the Senior Notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the purchase date. As described above, in 2020, a portion of the Senior Notes were included in the redemption and tender offers using the divestiture proceeds.

On October 30, 2018, we purchased the remaining ownership interest in Yellow Chips Holdings B.V., and began consolidating the business. The purchase price was $18 million.

On December 12, 2017, we completed the acquisition of Pacific Foods. The purchase price was $688 million and was funded through the issuance of commercial paper.

In September 2018, we repaid a portion of our AUD notes outstanding and refinanced the remainder with a new AUD $400 million, or $296 million, single-draw syndicated facility that matured on September 11, 2019. As of July 28, 2019, the balance outstanding under this facility was AUD $335 million, or $232 million. The syndicated facility was repaid in August 2019 and was terminated. The repayment was funded through the issuance of commercial paper.

Dividend payments were $426 million in 2020, $423 million in 2019 and $426 million in 2018. Annual dividends declared were $1.40 per share in 2020, 2019, and 2018. The 2020 fourth quarter dividend was $.35 per share.

We repurchased approximately 2 million shares at a cost of $86 million in 2018. As a result of the acquisition of Snyder's-Lance, we suspended our share repurchases as of the second quarter of 2018. See Note 18 to the Consolidated Financial Statements for additional information.

As of August 2, 2020, we had $1,202 million of short-term borrowings due within one year, of which $280 million was comprised of commercial paper borrowings. As of August 2, 2020, we issued $34 million of standby letters of credit. We have a committed revolving credit facility totaling $1,850 million that matures in December 2021. This U.S. facility remained unused at August 2, 2020, except for $1 million of standby letters of credit that we issued under it. In March 2020, we borrowed $300 million under this revolving credit facility and on May 1, 2020 we repaid the borrowings. The U.S. facility supports our commercial paper programs and other general corporate purposes. We expect to continue to access the commercial paper markets, bank credit lines and utilize cash flows from operations to support our short-term liquidity requirements.

We are in compliance with the covenants contained in our credit facilities and debt securities.

## CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

### *Contractual Obligations*

The following table summarizes our obligations and commitments to make future payments under certain contractual obligations as of August 2, 2020. For additional information on debt, see Note 14 to the Consolidated Financial Statements. 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 21 to the Consolidated Financial Statements.

| | Contractual Payments Due by Fiscal Year | | | | |
|---|---|---|---|---|---|
| **(Millions)** | **Total** | **2021** | **2022-2023** | **2024-2025** | **Thereafter** |
| Debt obligations[(1)] | $ 6,240 | $ 1,204 | $ 1,023 | $ 1,150 | $ 2,863 |
| Interest payments[(2)] | 2,262 | 207 | 349 | 289 | 1,417 |
| Derivative payments[(3)] | 11 | 11 | — | — | — |
| Operating leases[(4)] | 277 | 73 | 78 | 49 | 77 |
| Purchase commitments | 1,077 | 968 | 107 | 1 | 1 |
| Other long-term payments[(5)] | 136 | — | 59 | 26 | 51 |
| Total long-term cash obligations | $ 10,003 | $ 2,463 | $ 1,616 | $ 1,515 | $ 4,409 |

(1) Excludes unamortized net discount/premium on debt issuances and debt issuance costs. For additional information on debt obligations, see Note 14 to the Consolidated Financial Statements.

(2) Interest payments for short- and long-term borrowings are based on principal amounts and coupons or contractual rates at fiscal year end.
(3) Represents payments of foreign exchange forward contracts and commodity contracts.
(4) For additional information on operating leases, see Note 12 to the Consolidated Financial Statements.
(5) 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. For additional information on unrecognized tax benefits, see Note 13 to the Consolidated Financial Statements.

***Off-Balance Sheet Arrangements and Other Commitments***

We guarantee approximately 2,100 bank loans made to Pepperidge Farm independent contractor distributors by third-party financial institutions for the purchase of distribution routes. The maximum potential amount of the future payments under existing guarantees we could be required to make is $246 million. We guarantee approximately 2,500 bank loans made to Snyder's-Lance independent contractor distributors by third-party financial institutions for the purchase of distribution routes. The maximum potential amount of the future payments under existing guarantees we could be required to make is $199 million. Our guarantees are indirectly secured by the distribution routes. We do not expect that we will be required to make material guarantee payments as a result of defaults on the bank loans guaranteed.

## INFLATION

We are exposed to the impact of inflation on our cost of products sold. We use a number of strategies to mitigate the effects of cost inflation including increasing prices, commodity hedging and pursuing cost productivity initiatives.

## MARKET RISK SENSITIVITY

The principal market risks to which we are exposed are changes in foreign currency exchange rates, interest rates and commodity prices. In addition, we are exposed to equity price changes related to certain deferred compensation obligations. We manage our 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 our variable-to-total debt ratio within targeted guidelines. Net sales of continuing operations outside of the U.S. are concentrated principally in Canada and represent approximately 6% of 2020 net sales. Within discontinued operations, international sales were concentrated principally in Australia. We manage our foreign currency exposures by utilizing foreign exchange forward contracts and borrowing in various foreign currencies. We enter into foreign exchange forward contracts for periods consistent with related underlying exposures, and the contracts do not constitute positions independent of those exposures. We do not enter into derivative contracts for speculative purposes and do not use leveraged instruments.

We principally use 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. We also enter into commodity futures, options and swap contracts to reduce the volatility of price fluctuations of wheat, soybean oil, diesel fuel, natural gas, cocoa, aluminum, soybean meal and corn.

The information below summarizes our market risks associated with debt obligations and other significant financial instruments as of August 2, 2020. 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 14, 15 and 17 to the Consolidated Financial Statements.

The following table presents principal cash flows and related interest rates by fiscal year of maturity for debt obligations. Interest rates disclosed on variable-rate debt represent the weighted-average rates at August 2, 2020.

| | Expected Fiscal Year of Maturity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (Millions) | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter | Total | Fair Value |
| **Debt**[(1)] | | | | | | | | |
| Fixed rate | $ 524 | $ 4 | $ 1,019 | $ — | $ 1,150 | $ 2,863 | $ 5,560 | $ 6,359 |
| Weighted-average interest rate | 5.42 % | 1.48 % | 3.14 % | — % | 3.78 % | 3.80 % | 3.83 % | |
| Variable rate | $ 680 | $ — | $ — | $ — | $ — | $ — | $ 680 | $ 680 |
| Weighted-average interest rate | 1.42 % | — % | — % | — % | — % | — % | — % | |

(1) Expected maturities exclude unamortized net discount/premium on debt issuances and debt issuance costs.

As of July 28, 2019, fixed-rate debt of approximately $6,260 million with an average interest rate of 3.99% and variable-rate debt of approximately $2,484 million with an average interest rate of 2.99% were outstanding.



We are exposed to foreign exchange risk related to third-party transactions and intercompany transactions, including intercompany debt. We utilize 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 August 2, 2020.

| (Millions)<br>**Foreign Exchange Forward Contracts** | Notional Value | Average Contractual Exchange Rate (currency paid/ currency received) |
|---|---|---|
| Receive USD/Pay CAD | $ 180 | 1.3472 |
| Receive CHF/Pay USD | $ 3 | 1.0639 |

The aggregate fair value of all contracts was a loss of $1 million as of August 2, 2020. As of July 28, 2019, the total notional value of foreign exchange forward contracts outstanding was $323 million, including $83 million associated with discontinued operations, and the aggregate fair value was a loss of $3 million.

We enter into commodity futures, options and swap contracts to reduce the volatility of price fluctuations for commodities. As of August 2, 2020, the notional value of these contracts was $137 million, and the aggregate fair value of these contracts was a loss of $2 million. As of July 28, 2019, the notional value of these contracts was $183 million, and the aggregate fair value of these contracts was a loss of $3 million.

We enter into swap contracts which hedge a portion of exposures relating to certain deferred compensation obligations linked to the total return of our capital stock, the total return of the Vanguard Institutional Index Institutional Plus Shares, and the total return of the Vanguard Total International Stock Index. Under these contracts, we pay variable interest rates and receive from the counterparty either: the total return on our capital stock; the total return of the Standard & Poor's 500 Index, which is expected to approximate the total return of the Vanguard Institutional Index Institutional Plus Shares; or the total return of the iShares MSCI EAFE Index, which is expected to approximate the total return of the Vanguard Total International Stock Index. The notional value of the contract that is linked to the total return on our capital stock was $6 million at August 2, 2020, and $7 million at July 28, 2019. The average forward interest rate applicable to this contract, which expires in June 2021, was 0.93% at August 2, 2020. The notional value of the contract that is linked to the return on the Standard & Poor's 500 Index was $13 million at August 2, 2020, and $17 million at July 28, 2019. The average forward interest rate applicable to this contract, which expires in March 2021, was 0.53% at August 2, 2020. The notional value of the contract that is linked to the total return of the iShares MSCI EAFE Index was $3 million at August 2, 2020, and $7 million at July 28, 2019. The average forward interest rate applicable to this contract, which expires in March 2021, was 0.63% at August 2, 2020. The fair value of these contracts was a gain of $4 million as of August 2, 2020, and a gain of $1 million as of July 28, 2019.

Our 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 our acquisition and divestiture activities.

## SIGNIFICANT ACCOUNTING ESTIMATES

We prepare our consolidated financial statements 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* — We offer 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 these forms of variable consideration, which are classified as reductions in revenue and recognized upon sale, and advertising or other marketing activities, which are classified as marketing and selling expenses, fluctuates between periods based on our overall marketing plans. 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, including expected volume. 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. Differences between estimates and actual costs are recognized as a change in estimate in a subsequent period. However, actual expenses may differ if the level of redemption rates and performance were to vary from estimates. We adopted revised guidance on the recognition of revenue in the first quarter of 2019. See Notes 1 and 2 to the Consolidated Financial Statements for additional information.

*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 impairment exists. If impairment is determined to exist, the loss is calculated based on estimated fair value.

Goodwill and intangible assets deemed to have indefinite lives are not amortized but rather are tested at least annually for impairment, or more often if events or changes in circumstances indicate that more likely than not the carrying amount of the asset may not be recoverable. Goodwill is tested for impairment at the reporting unit level. A reporting unit represents an operating segment or a component of an operating segment. Goodwill is tested for impairment by either performing a qualitative evaluation or a quantitative test. The qualitative evaluation is an assessment of factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. We may elect not to perform the qualitative assessment for some or all reporting units and perform a quantitative impairment test. 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 costs of capital, and future economic and market conditions. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired and an impairment charge will be recorded to reduce the reporting unit to 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 costs of capital, and assumed royalty rates. If the carrying value exceeds fair value, an impairment charge will be recorded to reduce the asset to fair value.

***2018 Assessments***

*Discontinued Operations*

During the second quarter of 2018, we performed an interim impairment assessment on the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit as operating performance was below expectations. The business was impacted by adverse weather conditions and the implementation of enhanced quality protocols, which impacted crop yields and resulted in higher costs. This cost volatility continued to be higher than expected and caused us to reassess our short- and long-term margin expectations for this business. Based on this performance, we reduced our outlook for future operating margins and discounted cash flows, which resulted in a $75 million impairment charge, representing a write-down of the remaining goodwill in the reporting unit. The fair value of the trademark exceeded the carrying value, which was $48 million.

During the third quarter of 2018, we performed an interim impairment assessment on the intangible assets of the deli reporting unit, which includes Garden Fresh Gourmet and the U.S. refrigerated soup business. During the third quarter of 2018, certain of our private label refrigerated soup customers, which represented a majority of the business, informed us of their intention to in-source production beginning in 2019, and the sales and operating profit outlook of the Garden Fresh Gourmet business was reduced. Due to the anticipated loss of refrigerated soup business with these customers, as well as the performance of the Garden Fresh Gourmet business, we revised the long-term outlook for future sales, operating margins and discounted cash flows for this reporting unit, which resulted in an $81 million impairment charge on goodwill, representing a write-down of the remaining goodwill in the reporting unit, $13 million on a trademark, and $11 million on plant assets in the reporting unit.

In addition, we performed an interim impairment assessment on the intangible assets of the Bolthouse Farms refrigerated beverages and salad dressings reporting unit as the operating performance in the third quarter was below expectations. We assessed sales performance of refrigerated beverages and key drivers impacting gross profit for the unit. We revised our long-term outlook for future earnings and discounted cash flows to reflect reduced sales expectations to modest growth and decreased our gross profit outlook to reflect the inflation and manufacturing efficiency pressures that remained with the unit. This revised outlook resulted in a $384 million impairment charge on goodwill, representing a write-down of the remaining goodwill in the reporting unit, and $130 million on a trademark in the reporting unit.

*Continuing Operations*

In the fourth quarter of 2018, as part of our annual review of intangible assets, we recognized an impairment charge of $54 million on the *Plum* trademark. In 2018, sales and operating performance were well below expectations due in part to competitive pressure and reduced margins. In the fourth quarter of 2018, as part of a strategic review initiated by a new leadership team and based on recent performance, we lowered our long-term outlook for future sales.

***2019 Assessments***

*Discontinued Operations*

On August 30, 2018, we announced plans to pursue the divestiture of our international biscuits and snacks operating segment and the Campbell Fresh operating segment. As we continued to pursue the divestiture of these businesses and as we received initial indications of value, in the second quarter of 2019, we performed interim impairment assessments on the intangible and tangible assets within Campbell Fresh, which included Garden Fresh Gourmet, Bolthouse Farms carrot and



carrot ingredients, and Bolthouse Farms refrigerated beverages and salad dressings. As a result, we revised our future outlook for earnings and cash flows for each of these businesses.

Within Bolthouse Farms carrot and carrot ingredients, we recorded impairment charges of $18 million on the trademark, and $159 million on the plant assets and amortizable intangible assets. Within Bolthouse Farms refrigerated beverages and salad dressings, we recorded impairment charges of $74 million on the trademark, and $31 million on the plant assets and amortizable intangible assets. On Garden Fresh Gourmet, we recorded impairment charges of $23 million on the trademark and $39 million on customer relationships, which eliminated the carrying value of these assets, and $2 million on plant assets.

In the fourth quarter of 2019, as part of our annual review of intangible assets, we recognized an impairment charge of $7 million on a trademark and $10 million on goodwill in Kelsen due to a lower long-term outlook for sales and the pending sale of the business. On July 12, 2019, we signed a definitive agreement for the sale of our Kelsen business. We sold the business on September 23, 2019.

See Note 3 to the Consolidated Financial Statements for additional information on discontinued operations.

*Continuing Operations*

In the fourth quarter of 2019, we performed an assessment on the assets within our European chips business and recorded an impairment charge of $16 million on intangible assets. This business was included in the Snacks segment and reporting unit.

***2020 Assessments***

*Continuing Operations*

As of August 2, 2020, the carrying value of goodwill was $3,986 million. Based on our assessments, all of our reporting units had an excess fair value well over the carrying value.

As of August 2, 2020, the carrying value of indefinite-lived trademarks was $2,611 million, including $1,978 million associated with Snyder's-Lance. Of the carrying value of all indefinite-lived trademarks, $620 million related to the *Snyder's of Hanover* trademark, $292 million related to the *Pace* trademark, $280 million related to the *Pacific Foods* trademark and $61 million related to the *Plum* trademark. Holding all other assumptions constant, changes in the assumptions below would reduce fair value of these trademarks and result in impairment charges of approximately:

| (Millions) | Various Snyder's-Lance | Pace | Pacific Foods | Plum |
|---|---|---|---|---|
| 1% increase in the weighted-average cost of capital | $ (10) | $ (5) | $ — | $ (5) |
| 1% reduction in revenue growth | $ — | $ — | $ — | $ — |

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 our control, such as changes in capital markets. The actual cash flows could differ materially from management's estimates due to changes in business conditions, operating performance, and economic conditions.

If assumptions are not achieved or market conditions decline, potential additional impairment charges could result. We will continue to monitor the valuation of our long-lived assets.

See also Note 6 to the Consolidated Financial Statements for additional information on goodwill and intangible assets.

*Pension and postretirement benefits* — We provide 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.

The discount rate is established as of our fiscal year-end measurement date. In establishing the discount rate, we review 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. Beginning in 2018, we changed the method we used to estimate the service and interest cost components of the net periodic benefit expense (income). We elected to use a full yield curve approach to estimate service cost and interest cost by applying the specific spot rates along the yield curve used to determine the benefit obligation of the relevant projected cash flows. Previously, we estimated service cost and interest cost using a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. We made this change to provide a more precise measurement of service cost and interest cost by improving the correlation between projected benefit cash flows and the corresponding spot yield curve rates. This change does not affect the measurement of our benefit obligations. We accounted for this change prospectively in 2018 as a change in accounting estimate. As a result of this change, net periodic benefit income increased by approximately $17 million in 2018, compared to what the net periodic benefit income would have been under the previous method.

The expected return on plan assets is a long-term assumption based upon historical experience and expected future performance, considering our 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. Gains and losses resulting from differences between actual experience and the assumptions are determined at each measurement date.

Net periodic pension and postretirement expense (income) was $93 million in 2020, $103 million in 2019 and ($185) million in 2018.

Significant weighted-average assumptions as of the end of the year were as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Pension | | | |
| Discount rate for benefit obligations | **2.47%** | 3.46% | 4.15% |
| Expected return on plan assets | **6.01%** | 6.85% | 6.86% |
| Postretirement | | | |
| Discount rate for obligations | **2.15%** | 3.28% | 4.06% |
| Initial health care trend rate | **6.25%** | 6.25% | 6.75% |
| 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 decline in the discount rate would decrease expense by approximately $9 million and would result in an immediate loss recognition of approximately $120 million. A 50-basis-point reduction in the estimated return on assets assumption would increase expense by approximately $10 million. A one-percentage-point increase in assumed health care costs would have no impact on postretirement service and interest cost and would not result in an immediate loss.

Contributions to pension plans were $2 million in 2020, and $5 million in 2019 and 2018. Contributions to pension plans are not expected to be material in 2021.

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

*Income taxes* — The effective tax rate reflects statutory tax rates, tax planning opportunities available in the various jurisdictions in which we operate 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.

On December 22, 2017, the Act was enacted into law and made significant changes to corporate taxation, including reducing the corporate tax rate from 35% to 21% effective January 1, 2018, and transitioning to a territorial system for taxation on foreign earnings along with the imposition of a transition tax in 2018 on the deemed repatriation of unremitted foreign earnings.

See also Notes 1 and 13 to the Consolidated Financial Statements for further discussion on income taxes.

## RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2 to the Consolidated Financial Statements for information on recent accounting pronouncements.

## CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

This Report contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current expectations regarding our future results of operations, economic performance, financial condition and achievements. These forward-looking statements can be identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "pursue," "strategy," "target," "will" and similar expressions. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts, and may reflect anticipated cost savings or implementation of our strategic plan. These statements reflect our current plans and expectations and are based on information currently available to us. They rely on several assumptions regarding future events and estimates which could be inaccurate and which are inherently subject to risks and uncertainties.



We wish to caution the reader that the following important factors and those important factors described in Part 1, Item 1A and elsewhere in this Report, or in our other Securities and Exchange Commission filings, could affect our actual results and could cause such results to vary materially from those expressed in any forward-looking statements made by, or on behalf of, us:

- our ability to execute on and realize the expected benefits from our strategy, including growing sales in snacks and maintaining our market share position in soup;
- the impact of strong competitive responses to our efforts to leverage brand power with product innovation, promotional programs and new advertising;
- the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies;
- our indebtedness and ability to pay such indebtedness;
- impacts of, and associated responses to the COVID-19 pandemic on our business, suppliers, customers, consumers and employees;
- our ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions;
- disruptions in or inefficiencies to our supply chain and/or operations including the impacts of the COVID-19 pandemic, as well as fluctuations in the supply of and inflation in energy and raw and packaging materials cost;
- our ability to manage changes to our organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes;
- changes in consumer demand for our products and favorable perception of our brands;
- changing inventory management practices by certain of our key customers;
- a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of our key customers maintain significance to our business;
- product quality and safety issues, including recalls and product liabilities;
- the possible disruption to the independent contractor distribution models used by certain of our businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification;
- the uncertainties of litigation and regulatory actions against us;
- the costs, disruption and diversion of management's attention associated with activist investors;
- a material failure in or breach of our or our vendors' information technology systems;
- impairment to goodwill or other intangible assets;
- our ability to protect our intellectual property rights;
- increased liabilities and costs related to our defined benefit pension plans;
- our ability to attract and retain key talent;
- changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; and
- unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters or other calamities.

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

## Item 7A. *Quantitative and Qualitative Disclosure 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**
**(millions, except per share amounts)**

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| | 53 weeks | 52 weeks | 52 weeks |
| **Net sales** | **$ 8,691** | $ 8,107 | $ 6,615 |
| Costs and expenses | | | |
| Cost of products sold | **5,692** | 5,414 | 4,241 |
| Marketing and selling expenses | **947** | 842 | 728 |
| Administrative expenses | **622** | 610 | 563 |
| Research and development expenses | **93** | 91 | 91 |
| Other expenses / (income) | **221** | 140 | (73) |
| Restructuring charges | **9** | 31 | 55 |
| Total costs and expenses | **7,584** | 7,128 | 5,605 |
| **Earnings before interest and taxes** | **1,107** | 979 | 1,010 |
| Interest expense | **345** | 356 | 183 |
| Interest income | **4** | 2 | 3 |
| Earnings before taxes | **766** | 625 | 830 |
| Taxes on earnings | **174** | 151 | 106 |
| Earnings from continuing operations | **592** | 474 | 724 |
| Earnings (loss) from discontinued operations | **1,036** | (263) | (463) |
| **Net earnings** | **1,628** | 211 | 261 |
| Less: Net earnings (loss) attributable to noncontrolling interests | **—** | — | — |
| **Net earnings attributable to Campbell Soup Company** | **$ 1,628** | $ 211 | $ 261 |
| **Per Share — Basic** | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | **$ 1.96** | $ 1.57 | $ 2.41 |
| Earnings (loss) from discontinued operations | **3.43** | (.87) | (1.54) |
| **Net earnings attributable to Campbell Soup Company** | **$ 5.39** | $ .70 | $ .87 |
| Weighted average shares outstanding — basic | **302** | 301 | 301 |
| **Per Share — Assuming Dilution** | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | **$ 1.95** | $ 1.57 | $ 2.40 |
| Earnings (loss) from discontinued operations | **3.41** | (.87) | (1.53) |
| **Net earnings attributable to Campbell Soup Company**[(1)] | **$ 5.36** | $ .70 | $ .86 |
| Weighted average shares outstanding — assuming dilution | **304** | 302 | 302 |

[(1)] Sum of the individual amounts may not add due to rounding.

See accompanying Notes to Consolidated Financial Statements.



## CAMPBELL SOUP COMPANY
**Consolidated Statements of Comprehensive Income**
**(millions)**

| | 2020 | | | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 53 weeks | | | 52 weeks | | | 52 weeks | | |
| | Pre-tax amount | Tax (expense) benefit | After-tax amount | Pre-tax amount | Tax (expense) benefit | After-tax amount | Pre-tax amount | Tax (expense) benefit | After-tax amount |
| **Net earnings** | | | **$ 1,628** | | | $ 211 | | | $ 261 |
| **Other comprehensive income (loss):** | | | | | | | | | |
| **Foreign currency translation:** | | | | | | | | | |
| Foreign currency translation adjustments | **$ (1)** | **$ —** | **(1)** | $ (68) | $ — | (68) | $ (69) | $ — | (69) |
| Reclassification of currency translation adjustments realized upon disposal of business | **206** | **4** | **210** | 2 | — | 2 | — | — | — |
| **Cash-flow hedges:** | | | | | | | | | |
| Unrealized gains (losses) arising during period | **3** | **(1)** | **2** | (3) | 1 | (2) | 23 | (7) | 16 |
| Reclassification adjustment for (gains) losses included in net earnings | **—** | **—** | **—** | — | — | — | 3 | (1) | 2 |
| **Pension and other postretirement benefits:** | | | | | | | | | |
| Prior service credit arising during the period | **—** | **—** | **—** | — | — | — | 9 | (2) | 7 |
| Reclassification of prior service credit included in net earnings | **(28)** | **6** | **(22)** | (28) | 7 | (21) | (27) | 7 | (20) |
| **Other comprehensive income (loss)** | **$ 180** | **$ 9** | **189** | $ (97) | $ 8 | (89) | $ (61) | $ (3) | (64) |
| **Total comprehensive income (loss)** | | | **$ 1,817** | | | $ 122 | | | $ 197 |
| Total comprehensive income (loss) attributable to noncontrolling interests | | | **1** | | | — | | | 1 |
| **Total comprehensive income (loss) attributable to Campbell Soup Company** | | | **$ 1,816** | | | $ 122 | | | $ 196 |

See accompanying Notes to Consolidated Financial Statements.

## CAMPBELL SOUP COMPANY
## Consolidated Balance Sheets
### (millions, except per share amounts)

| | August 2, 2020 | July 28, 2019 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | $ **859** | $ 31 |
| Accounts receivable, net | **575** | 574 |
| Inventories | **871** | 863 |
| Other current assets | **80** | 71 |
| Current assets of discontinued operations | **—** | 428 |
| **Total current assets** | **2,385** | 1,967 |
| Plant assets, net of depreciation | **2,368** | 2,455 |
| Goodwill | **3,986** | 4,017 |
| Other intangible assets, net of amortization | **3,350** | 3,415 |
| Other assets ($76 as of 2019 attributable to variable interest entity) | **283** | 127 |
| Noncurrent assets of discontinued operations | **—** | 1,167 |
| **Total assets** | $ **12,372** | $ 13,148 |
| **Current liabilities** | | |
| Short-term borrowings | $ **1,202** | $ 1,371 |
| Payable to suppliers and others | **1,049** | 814 |
| Accrued liabilities | **693** | 609 |
| Dividends payable | **107** | 107 |
| Accrued income taxes | **24** | 15 |
| Current liabilities of discontinued operations | **—** | 469 |
| **Total current liabilities** | **3,075** | 3,385 |
| Long-term debt | **4,994** | 7,103 |
| Deferred taxes | **914** | 924 |
| Other liabilities | **820** | 559 |
| Noncurrent liabilities of discontinued operations | **—** | 65 |
| **Total liabilities** | **9,803** | 12,036 |
| **Commitments and contingencies** | | |
| **Campbell Soup Company shareholders' equity** | | |
| Preferred stock; authorized 40 shares; none issued | **—** | — |
| Capital stock, $.0375 par value; authorized 560 shares; issued 323 shares | **12** | 12 |
| Additional paid-in capital | **394** | 372 |
| Earnings retained in the business | **3,190** | 1,993 |
| Capital stock in treasury, at cost | **(1,023)** | (1,076) |
| Accumulated other comprehensive loss | **(10)** | (198) |
| **Total Campbell Soup Company shareholders' equity** | **2,563** | 1,103 |
| Noncontrolling interests | **6** | 9 |
| **Total equity** | **2,569** | 1,112 |
| **Total liabilities and equity** | $ **12,372** | $ 13,148 |

See accompanying Notes to Consolidated Financial Statements.



## CAMPBELL SOUP COMPANY
## Consolidated Statements of Cash Flows
### (millions)

| | 2020 53 weeks | 2019 52 weeks | 2018 52 weeks |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net earnings | $ **1,628** | $ 211 | $ 261 |
| Adjustments to reconcile net earnings to operating cash flow | | | |
| Impairment charges | **—** | 393 | 748 |
| Restructuring charges | **9** | 31 | 62 |
| Stock-based compensation | **61** | 58 | 61 |
| Amortization of inventory fair value adjustment from acquisition | **—** | — | 42 |
| Pension and postretirement benefit expense (income) | **93** | 103 | (187) |
| Depreciation and amortization | **328** | 446 | 394 |
| Deferred income taxes | **(6)** | 14 | (133) |
| Net (gain) loss on sales of businesses | **(975)** | 32 | — |
| Loss on extinguishment of debt | **75** | — | — |
| Investment losses | **49** | 1 | 10 |
| Other | **101** | 24 | 24 |
| Changes in working capital, net of acquisitions and divestitures | | | |
| Accounts receivable | **(30)** | (11) | 56 |
| Inventories | **(20)** | 36 | (84) |
| Prepaid assets | **(3)** | (1) | 27 |
| Accounts payable and accrued liabilities | **145** | 125 | 78 |
| Other | **(59)** | (64) | (54) |
| **Net cash provided by operating activities** | **1,396** | 1,398 | 1,305 |
| **Cash flows from investing activities:** | | | |
| Purchases of plant assets | **(299)** | (384) | (407) |
| Purchases of route businesses | **(11)** | (29) | (9) |
| Sales of route businesses | **11** | 31 | 10 |
| Businesses acquired, net of cash acquired | **—** | (18) | (6,772) |
| Sales of businesses, net of cash divested | **2,537** | 539 | — |
| Proceeds from sale of investment | **30** | — | — |
| Other | **4** | 14 | (19) |
| **Net cash provided by (used in) investing activities** | **2,272** | 153 | (7,197) |
| **Cash flows from financing activities:** | | | |
| Short-term borrowings, including commercial paper and revolving line of credit | **5,617** | 5,839 | 10,222 |
| Short-term repayments, including commercial paper and revolving line of credit | **(6,909)** | (6,296) | (9,944) |
| Long-term borrowings | **1,000** | — | 6,224 |
| Long-term repayments | **(499)** | (702) | (63) |
| Dividends paid | **(426)** | (423) | (426) |
| Treasury stock purchases | **—** | — | (86) |
| Treasury stock issuances | **23** | — | — |
| Payments related to tax withholding for stock-based compensation | **(12)** | (8) | (23) |
| Payments related to extinguishment of debt | **(1,769)** | — | — |
| Repurchase of noncontrolling interest | **—** | — | (47) |
| Payments of debt issuance costs | **(12)** | (1) | (50) |
| **Net cash provided by (used in) financing activities** | **(2,987)** | (1,591) | 5,807 |
| **Effect of exchange rate changes on cash** | **(1)** | (7) | (8) |
| **Net change in cash and cash equivalents** | **680** | (47) | (93) |
| **Cash and cash equivalents — beginning of period** | **31** | 49 | 37 |
| **Cash and cash equivalents discontinued operations — beginning of period** | **148** | 177 | 282 |
| **Cash and cash equivalents discontinued operations — end of period** | **—** | (148) | (177) |
| **Cash and cash equivalents — end of period** | $ **859** | $ 31 | $ 49 |

See accompanying Notes to Consolidated Financial Statements.

## CAMPBELL SOUP COMPANY
## Consolidated Statements of Equity
## (millions, except per share amounts)

| | Campbell Soup Company Shareholders' Equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Capital Stock | | | | | | | | |
| | Issued | | In Treasury | | | | | | |
| | Shares | Amount | Shares | Amount | Additional Paid-in Capital | Earnings Retained in the Business | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests | Total Equity |
| Balance at July 30, 2017 | 323 | $ 12 | (22) | $ (1,066) | $ 359 | $ 2,385 | $ (53) | $ 8 | $ 1,645 |
| Noncontrolling interest acquired | | | | | | | | 47 | 47 |
| Repurchase of noncontrolling interest | | | | | | | | (47) | (47) |
| Net earnings (loss) | | | | | | 261 | | — | 261 |
| Other comprehensive income (loss) | | | | | | | (65) | 1 | (64) |
| Dividends ($1.40 per share) | | | | | | (422) | | | (422) |
| Treasury stock purchased | | | (2) | (86) | | | | | (86) |
| Treasury stock issued under management incentive and stock option plans | | | 2 | 49 | (10) | | | | 39 |
| Balance at July 29, 2018 | 323 | 12 | (22) | (1,103) | 349 | 2,224 | (118) | 9 | 1,373 |
| Cumulative effect of changes in accounting principle: | | | | | | | | | |
| Revenue[(1)] | | | | | | (8) | | | (8) |
| Stranded tax effects[(1)] | | | | | | (9) | 9 | | — |
| Net earnings (loss) | | | | | | 211 | | — | 211 |
| Other comprehensive income (loss) | | | | | | | (89) | — | (89) |
| Dividends $1.40 per share) | | | | | | (425) | | | (425) |
| Treasury stock purchased | | | — | — | | | | | — |
| Treasury stock issued under management incentive and stock option plans | | | — | 27 | 23 | | | | 50 |
| Balance at July 28, 2019 | 323 | 12 | (22) | (1,076) | 372 | 1,993 | (198) | 9 | 1,112 |
| **Net earnings (loss)** | | | | | | **1,628** | | **—** | **1,628** |
| **Divestiture** | | | | | | | | **(4)** | **(4)** |
| **Other comprehensive income (loss)** | | | | | | | **188** | **1** | **189** |
| **Dividends ($1.40 per share)** | | | | | | **(428)** | | | **(428)** |
| **Treasury stock purchased** | | | **—** | **—** | | | | | **—** |
| **Treasury stock issued under management incentive and stock option plans** | | | **1** | **53** | **22** | **(3)** | | | **72** |
| **Balance at August 2, 2020** | **323** | **$ 12** | **(21)** | **$ (1,023)** | **$ 394** | **$ 3,190** | **$ (10)** | **$ 6** | **$ 2,569** |

(1) See Note 2 for additional detail.

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

In this Report, unless otherwise stated, the terms "we," "us," "our" and the "company" refer to Campbell Soup Company and its consolidated subsidiaries.

We are a manufacturer and marketer of high-quality, branded food and beverage products.

*Basis of Presentation* — The consolidated financial statements include our accounts and entities in which we maintain a controlling financial interest and a variable interest entity (VIE) for which we were the primary beneficiary. Intercompany transactions are eliminated in consolidation. Certain amounts in prior-year financial statements were reclassified to conform to the current-year presentation. Our fiscal year ends on the Sunday nearest July 31. There were 53 weeks in 2020 and 52 weeks in 2019, and 2018.

*Discontinued Operations* — We present discontinued operations when there is a disposal of a component group or a group of components that in our judgment represents a strategic shift that will have a major effect on our operations and financial results. We aggregate the results of operations for discontinued operations into a single line item in the Consolidated Statements of Earnings for all periods presented. General corporate overhead is not allocated to discontinued operations. See Note 3 for additional information.

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

*Revenue Recognition* — Our revenues primarily consist of the sale of food and beverage products through our own sales force and/or third-party brokers and distribution partners. Revenues are recognized when our performance obligation has been satisfied and control of the product passes to our customers, which typically occurs when products are delivered or accepted by customers in accordance with terms of agreements. We make shipments promptly after acceptance of orders. Shipping and handling costs incurred to deliver the product are recorded within Cost of products sold. Amounts billed and due from our customers are classified as Accounts receivable in the Consolidated Balance Sheets and require payment on a short-term basis. Revenues are recognized net of provisions for returns, discounts and certain sales promotion expenses, such as feature price discounts, in-store display incentives, cooperative advertising programs, new product introduction fees and coupon redemption costs. These forms of variable consideration are recognized upon sale. 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, including expected volume. Historically, the difference between actual experience compared to estimated redemptions and performance has not been significant to the quarterly or annual financial statements. Differences between estimates and actual costs are recognized as a change in estimate in a subsequent period. Revenues are presented on a net basis for arrangements under which suppliers perform certain additional services. See Note 7 for additional information on disaggregation of revenue. In 2019, we adopted revised guidance on the recognition of revenue from contracts with customers. See Note 2 for additional information.

*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 net realizable value.

*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 as incurred.

*Goodwill and Intangible Assets* — Goodwill and intangible assets deemed to have indefinite lives are not amortized but rather are tested at least annually for impairment, or when circumstances indicate that the carrying amount of the asset may not be recoverable. Goodwill is tested for impairment at the reporting unit level. A reporting unit is an operating segment or a component of an operating segment. Goodwill is tested for impairment by either performing a qualitative evaluation or a quantitative test. The qualitative evaluation is an assessment of factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. We may elect not to perform the qualitative assessment for some or all reporting units and perform a quantitative impairment test. 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 costs of capital and future economic and market conditions. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired and an impairment charge will be recorded to reduce the reporting unit to 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 costs of capital and assumed royalty rates. If the carrying value exceeds fair value, an impairment charge will be recorded to reduce the asset to fair value.

See Notes 3 and 6 for information on intangible assets and impairment charges.

*Leases* — At the beginning of the first quarter of 2020, we adopted new guidance on accounting for leases. We determine if an agreement is or contains a lease at inception by evaluating if an identified asset exists that we control for a period of time. When a lease exists, we record a right-of-use (ROU) asset and a corresponding lease liability on our Consolidated Balance Sheet. ROU assets represent our right to use an underlying asset for the lease term and the corresponding liabilities represent an obligation to make lease payments during the term. We have elected not to record leases with a term of 12 months or less on our Consolidated Balance Sheet.

ROU assets are recorded on our Consolidated Balance Sheet at lease commencement based on the present value of the corresponding liabilities and are adjusted for any prepayments, lease incentives received, or initial direct costs incurred. To calculate the present value of our lease liabilities, we use a country-specific collateralized incremental borrowing rate based on the lease term at commencement. The measurement of our ROU assets and liabilities includes all fixed payments and any variable payments based on an index or rate.

Our leases generally include options to extend or terminate use of the underlying assets. These options are included in the lease term used to determine ROU assets and corresponding liabilities when we are reasonably certain we will exercise.

Our lease arrangements typically include non-lease components, such as common area maintenance and labor. We account for each lease and any non-lease components associated with that lease as a single lease component for all underlying asset classes with the exception of certain production assets. Accordingly, all costs associated with a lease contract are disclosed as lease costs. This includes any variable payments that are not dependent on an index or a rate and which are expensed as incurred.

Operating leases expense is recognized on a straight-line basis over the lease term with the expense recorded in Cost of products sold, Marketing and selling expenses, or Administrative expenses depending on the nature of the leased item.

For finance leases, the amortization of ROU lease assets is recognized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or the lease term in Cost of products sold, Marketing and selling expenses, or Administrative expenses depending on the nature of the leased item. Interest expense on finance lease obligations is recorded over the lease term and is recorded in Interest expense (based on a front-loaded interest expense pattern).

All operating lease cash payments and interest on finance leases are recorded within Net cash provided by operating activities and all finance lease principal payments are recorded within Net cash used in financing activities in our Consolidated Statements of Cash Flows.

See Notes 2 and 12 for more information.

*Derivative Financial Instruments* — We use 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. We enter into these derivative contracts for periods consistent with the related underlying exposures, and the contracts do not constitute positions independent of those exposures. We do not enter into derivative contracts for speculative purposes and do not use leveraged instruments. Our derivative programs include strategies that qualify and strategies that do not qualify for hedge accounting treatment. To qualify for hedge accounting, the hedging relationship, both at inception of the hedge and on an ongoing basis, is 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, we designate the derivative as a hedge of the fair value of a recognized asset or liability or a firm commitment (fair-value hedge) or 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). 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 on the portion of the derivative included in the assessment of hedge effectiveness 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. Changes in the fair value on the portion of the derivative included in the assessment of hedge effectiveness of cash-flow hedges are recorded in other comprehensive income (loss), until earnings are affected by the variability of cash flows. For derivatives that are designated and qualify as hedging instruments, the initial fair value of hedge components excluded from the assessment of effectiveness is recognized in earnings under a systematic and rational method over the life of the hedging instrument and is presented in the same statement of earnings line item as the earnings effect of the hedged item. Any difference between the change in the fair value of the hedge components excluded from the assessment of



effectiveness and the amounts recognized in earnings is recorded as a component of other comprehensive income (loss). 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 or when a decision is made not to use an advertisement.

*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

<u>Recently Adopted</u>

In May 2014, the Financial Accounting Standards Board (FASB) issued revised guidance on the recognition of revenue from contracts with customers. We adopted the guidance in the first quarter of 2019, effective on July 30, 2018, using the modified retrospective method and recorded a cumulative effect adjustment of $8, net of tax, to decrease the opening balance of Earnings retained in the business, an increase of $10 to Accrued liabilities, an increase of $1 to Accounts payable, a decrease of $2 to Deferred taxes and an increase of $1 to Other assets.

In January 2016, the FASB issued guidance that amends the recognition and measurement of financial instruments. The changes primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Under the new guidance, equity investments in unconsolidated entities that are not accounted for under the equity method will generally be measured at fair value through earnings. When the fair value option has been elected for financial liabilities, changes in fair value due to instrument-specific credit risk will be recognized separately in other comprehensive income. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. In 2019, we adopted the guidance. The adoption did not have an impact on our consolidated financial statements.

In February 2016, the FASB issued guidance that amends accounting for leases. Under the new guidance, a lessee will recognize most leases on the balance sheet but will recognize expenses similar to current lease accounting. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. In July 2018, the FASB issued an adoption approach that allows entities to apply the new guidance and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption without restating prior periods. We adopted the new guidance at the beginning of 2020 using this transition method. We elected to apply a package of practical expedients, which allowed us to not reassess prior conclusions related to contracts containing leases, lease classification, and initial direct costs. Adoption of the new guidance resulted in the recognition of operating lease ROU assets of $259 and operating lease liabilities of $254, with the difference between the assets and liabilities primarily due to below market assets, deferred rent and prepaid rent. In addition, we derecognized $20 of an asset and liability associated with a build-to-suit lease arrangement. The adoption did not have a material impact on consolidated net earnings or cash flows. See Note 12 for additional information.

In August 2016, the FASB issued guidance on the classification of certain cash receipts and payments in the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. Early adoption is permitted. The guidance must be applied retrospectively to all periods presented but may be applied prospectively if retrospective application would be impracticable. In 2019, we adopted the guidance. The adoption did not have a material impact on our consolidated financial statements.

In October 2016, the FASB issued guidance on tax accounting for intra-entity asset transfers. Under previous guidance, the tax effects of intra-entity asset transfers (intercompany sales) are deferred until the transferred asset is sold to a third party or otherwise recognized. The new guidance requires companies to account for the income tax effects on intercompany transfers of assets other than inventory when the transfer occurs. The new guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. Early adoption is permitted in the first interim period of a fiscal year. The modified retrospective approach is required upon adoption, with a cumulative-effect adjustment recorded in retained earnings as of the beginning of the period of adoption. In 2019, we adopted the guidance. The adoption did not have an impact on our consolidated financial statements.

In January 2017, the FASB issued guidance that revises the definition of a business to assist entities with evaluating when a set of transferred assets and activities is a business. The guidance requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set of transferred assets and activities is not a business. If it is not met, the entity then evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. Early adoption is permitted. In 2019, we adopted the guidance. The adoption did not have an impact on our consolidated financial statements.

In May 2017, the FASB issued guidance that clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. Under the new guidance, modification accounting is required only if the value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. The guidance is effective prospectively for fiscal years beginning after December 15, 2017. Early adoption is permitted. We will apply the guidance in evaluating future changes to terms or conditions of share-based payment awards.

In August 2017, the FASB issued guidance that amends hedge accounting. Under the new guidance, more hedging strategies will be eligible for hedge accounting and the application of hedge accounting is simplified. The new guidance amends presentation and disclosure requirements, and how effectiveness is assessed. In October 2018, the FASB issued guidance which permits an entity to designate the overnight index swap rate based on the Secured Overnight Financing Rate Fed Funds as a benchmark interest rate in a hedge accounting relationship. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those years. We adopted the new guidance at the beginning of the first quarter of 2020. The adoption did not have a material impact on our consolidated financial statements.

In February 2018, the FASB issued guidance that provides entities an option to reclassify the stranded tax effects of the Tax Cuts and Jobs Act of 2017 on items within accumulated other comprehensive income to retained earnings. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those years. We adopted the guidance in the first quarter of 2019, effective on July 30, 2018, and elected not to reclassify prior periods. The adoption resulted in a cumulative effect adjustment of $9 to decrease the opening balance of Earnings retained in the business and a corresponding net decrease to the components of Accumulated other comprehensive income (loss). See Note 5 for additional information.

_Accounting Pronouncements Not Yet Adopted_

In August 2018, the FASB issued guidance that changes the disclosure requirements related to defined benefit pension and postretirement plans. The guidance is effective for fiscal years beginning after December 15, 2020. The guidance is to be applied on a retrospective basis. Early adoption is permitted. We are currently evaluating the impact that the new guidance will have on our disclosures.

In August 2018, the FASB issued guidance that eliminates, adds, and modifies certain disclosure requirements for fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within those years. We will adopt the new guidance in 2021, and do not expect a material impact on our consolidated financial statements.

In August 2018, the FASB issued guidance on accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance is effective for fiscal years beginning after December 15, 2019. Entities have the option to apply the guidance prospectively to all implementation costs incurred after the date of adoption or retrospectively. Early adoption is permitted. We will adopt the new guidance prospectively in 2021, and do not expect a material impact on our consolidated financial statements.

In December 2019, the FASB issued guidance on simplifying the accounting for income taxes. The guidance removes certain exceptions to the general principles of accounting for income taxes and also improves consistent application of accounting by clarifying or amending existing guidance. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within those years. Early adoption is permitted. We are currently evaluating the impact that the new guidance will have on our consolidated financial statements.

In March 2020, the FASB issued guidance that provides optional expedients and exceptions for a limited period of time for accounting for contracts, hedging relationships, and other transactions affected by the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued. Optional expedients can be applied from March 12, 2020 through December 31, 2022. We are currently evaluating the impact that the new guidance will have on our consolidated financial statements.



## 3. Divestitures

*Discontinued Operations*

On February 25, 2019, we sold our U.S. refrigerated soup business, and on April 25, 2019, we sold our Garden Fresh Gourmet business. Proceeds were $55. On June 16, 2019, we sold our Bolthouse Farms business. Proceeds were $500. Beginning in the third quarter of 2019, we have reflected the results of these businesses as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Campbell Fresh reportable segment.

We completed the sale of our Kelsen business on September 23, 2019, for $322. We also completed the sale of our Arnott’s business and certain other international operations, including the simple meals and shelf-stable beverages businesses in Australia and Asia Pacific (the Arnott's and other international operations), on December 23, 2019, for $2,286. The purchase price was subject to certain post-closing adjustments, which resulted in $4 of additional proceeds in the third quarter of 2020. Beginning in the fourth quarter of 2019, we have reflected the results of operations of the Kelsen business and the Arnott’s and other international operations (collectively referred to as Campbell International) as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Snacks reportable segment.

Results of discontinued operations were as follows:

| | Campbell International | | | Campbell Fresh | |
|---|---|---|---|---|---|
| | **2020** | 2019 | 2018 | 2019 | 2018 |
| Net sales | **$ 359** | $ 1,046 | $ 1,120 | $ 756 | $ 950 |
| Impairment charges | **$ —** | $ 17 | $ — | $ 360 | $ 694 |
| Earnings (loss) before taxes from operations | **$ 53** | $ 120 | $ 163 | $ (359) | $ (721) |
| Taxes on earnings (loss) from operations | **17** | 41 | 47 | (78) | (142) |
| Gain (loss) on sales of businesses / costs associated with selling the businesses | **1,039** | (12) | — | (32) | — |
| Tax expense (benefit) on sales / costs associated with selling the businesses | **39** | (2) | — | 19 | — |
| Earnings (loss) from discontinued operations | **$ 1,036** | $ 69 | $ 116 | $ (332) | $ (579) |

The sale of the Arnott's and other international operations resulted in a substantial capital gain for tax purposes. We were able to utilize capital losses, which were offset with valuation allowances as of July 28, 2019, to offset the capital gain.

In the fourth quarter of 2019, as part of our annual review of intangible assets, we recognized an impairment charge of $7 on a trademark and $10 on goodwill in Kelsen due to a lower long-term outlook for sales and the pending sale of the business.

In the second quarter of 2019, we performed interim impairment assessments on the intangible and tangible assets of the Campbell Fresh businesses. We revised our future outlook for earnings and cash flows for each of these businesses as the divestiture process progressed and we received initial indications of value. In Bolthouse Farms carrot and carrot ingredients, we recorded impairment charges of $18 on the trademark, $40 on customer relationships, $15 on technology and $104 on plant assets. In Bolthouse Farms refrigerated beverages and salad dressings, we recorded impairment charges of $74 on the trademark, $22 on customer relationships, and $9 on plant assets. In Garden Fresh Gourmet, we recorded impairment charges of $23 on the trademark, $39 on customer relationships, and $2 on plant assets. In the first quarter of 2019, we recorded an impairment charge of $14 on the U.S refrigerated soup plant assets in Campbell Fresh. In addition, we recorded tax expense of $29 in 2019, as deferred tax assets were not realizable.

Under the terms of the sale of the Arnott's and other international operations, we entered into a long-term licensing arrangement for the exclusive rights to certain Campbell brands in certain non-U.S. markets. We provide certain transition services to support the divested businesses.

The assets and liabilities of Campbell International have been reflected as assets and liabilities of discontinued operations in the Consolidated Balance Sheet as of July 28, 2019. The assets and liabilities were as follows:

| | | July 28, 2019 |
|---|---|---|
| Cash and cash equivalents | $ | 148 |
| Accounts receivable, net | | 135 |
| Inventories | | 135 |
| Other current assets | | 10 |
| Current assets | $ | 428 |
| Plant assets, net of depreciation | $ | 340 |
| Goodwill | | 661 |
| Other intangible assets, net of amortization | | 135 |
| Other assets | | 31 |
| Total assets | $ | 1,595 |
| Short-term borrowings | $ | 232 |
| Payable to suppliers and others | | 109 |
| Accrued liabilities | | 114 |
| Accrued income taxes | | 14 |
| Current liabilities | $ | 469 |
| Long-term debt | $ | 6 |
| Deferred taxes | | 32 |
| Other liabilities | | 27 |
| Total liabilities | $ | 534 |

The depreciation and amortization, capital expenditures, sale proceeds and significant operating noncash items of Campbell Fresh and Campbell International were as follows:

| | | 2020 | | 2019 | | 2018 |
|---|---|---|---|---|---|---|
| Cash flows from discontinued operating activities: | | | | | | |
| Impairment charges | **$** | **—** | $ | 377 | $ | 694 |
| Depreciation and amortization [(1)] | | **—** | | 83 | | 115 |
| Net (gain) loss on sales of discontinued operations businesses | | **(1,039)** | | 32 | | — |
| Cash flows from discontinued investing activities: | | | | | | |
| Capital expenditures | **$** | **30** | $ | 59 | $ | 88 |
| Sales of discontinued operations businesses, net of cash divested | | **2,466** | | 539 | | — |

(1) Depreciation and amortization are no longer recognized once businesses are classified as held for sale/discontinued operations.

*Other Divestitures*

On October 11, 2019, we completed the sale of our European chips business for £63, or $77. The pre-tax loss recognized in the first quarter of 2020 on the sale was $64, which included the impact of allocated goodwill and foreign currency translation adjustments. For tax purposes, we were able to use the capital loss on this sale to offset a portion of the capital gain from the sale of the Arnott's and other international operations. The European chips business had net sales of $25 in 2020, $129 in 2019, and $44 in 2018. Earnings from the business, which included a pre-tax impairment charge on intangible assets of $16 recognized in the fourth quarter of 2019, were not material. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment.



## 4. Acquisitions

On March 26, 2018, we completed the acquisition of Snyder's-Lance, Inc. (Snyder's-Lance) for $50.00 per share. Total consideration was $6,112, which included the payoff of approximately $1,100 of Snyder's-Lance indebtedness. The acquisition was financed through a single draw 3-year senior unsecured term loan facility and the issuance of senior notes. Snyder's-Lance is a snack food company that manufactures, distributes, markets and sells snack food products in North America and Europe. Its primary brands include *Snyder's of Hanover* and *Lance*, as well as *Kettle Brand*, *Cape Cod*, *Snack Factory Pretzel Crisps*, *Pop Secret, Emerald* and *Late July*.

The excess of the purchase price over the estimated fair values of identifiable net assets was recorded as $3,006 of goodwill. The goodwill is included in the Snacks segment. In the first quarter of 2019, we made measurement period adjustments to reflect facts and circumstances in existence as of the date of the Snyder's-Lance acquisition. These adjustments included a $134 decrease to indefinite-lived trademarks, a $52 decrease to customer relationships, a $43 decrease to Deferred taxes and a $140 increase to Goodwill.

On December 12, 2017, we completed the acquisition of Pacific Foods of Oregon, LLC (Pacific Foods). The purchase price was $688. Pacific Foods produces broth, soups and non-dairy beverages. The excess of the purchase price over the estimated fair values of identifiable net assets was recorded as $202 of goodwill. The goodwill is included in the Meals & Beverages segment.

In 2019, the acquisition of Snyder's-Lance contributed $2,192 to Net sales. The contribution to Earnings from continuing operations was a loss of $36 including expenses associated with restructuring charges and cost savings initiatives, as well as interest expense on the debt to finance the acquisition.

In 2018, we recognized transaction costs and integration costs of $102, associated with the Snyder's-Lance acquisition. Approximately $53 represented transactions costs, including bridge financing costs and outside advisory costs, and were recorded in Other expenses / (income). Integration costs included the following:

- amortization of the acquisition date fair value adjustment to inventories of $42 that was recorded in Cost of products sold;
- $13 of Restructuring charges;
- $12 of Administrative expenses; and
- $18 gain in Interest expense on treasury rate lock contracts used to hedge the planned financing of the acquisition.

The acquisition of Snyder's-Lance contributed $772 to Net sales from March 26, 2018, through July 29, 2018. The contribution to Earnings from continuing operations was a loss of $84 from March 26, 2018, through July 29, 2018, including the effect of the transaction and integration costs, and interest expense on the debt to finance the acquisition.

In 2019, the acquisition of Pacific Foods contributed $222 to Net sales. The contribution to Earnings from continuing operations was a loss of $12. The acquisition of Pacific Foods contributed $123 to Net sales from December 12, 2017, through July 29, 2018. The contribution to Earnings from continuing operations was a loss of $13 from December 12, 2017, through July 29, 2018.

The following unaudited summary information is presented on a consolidated pro forma basis as if the Snyder's-Lance and Pacific Foods acquisitions had occurred on August 1, 2016:

| | | 2018 |
|---|---|---|
| Net sales | $ | 8,152 |
| Earnings from continuing operations attributable to Campbell Soup Company | $ | 834 |
| Earnings from continuing operations per share attributable to Campbell Soup Company - basic | $ | 2.77 |
| Earnings from continuing operations per share attributable to Campbell Soup Company - assuming dilution | $ | 2.76 |

The pro forma amounts include additional interest expense on the debt issued to finance the purchases, amortization and depreciation expense based on the estimated fair value and useful lives of intangible assets and plant assets, and related tax effects. The pro forma results are not necessarily indicative of the combined results had the Snyder's-Lance and Pacific Foods acquisitions been completed on August 1, 2016, nor are they indicative of future combined results.

With the acquisition of Snyder's-Lance, we acquired an investment in Yellow Chips Holdings B.V. (Yellow Chips), and accounted for the investment under the equity method of accounting. On October 30, 2018, we purchased the remaining ownership interest in Yellow Chips, and began consolidating the business. The purchase price was $18. The pro forma results for 2019 and 2018 were not material. This business was subsequently sold on October 11, 2019. See Note 3 for additional information.

## 5. Accumulated Other Comprehensive Income (Loss)

The components of Accumulated other comprehensive income (loss) consisted of the following:

| | Foreign Currency Translation Adjustments[1] | Gains (Losses) on Cash Flow Hedges[2] | Pension and Postretirement Benefit Plan Adjustments[3] | Total Accumulated Comprehensive Income (Loss) |
|---|---|---|---|---|
| Balance at July 30, 2017 | $ (84) | $ (22) | $ 53 | $ (53) |
| Other comprehensive income (loss) before reclassifications | (70) | 16 | 7 | (47) |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | 2 | (20) | (18) |
| Net current-period other comprehensive income (loss) | (70) | 18 | (13) | (65) |
| Balance at July 29, 2018 | $ (154) | $ (4) | $ 40 | $ (118) |
| Cumulative effect of a change in accounting principle[4] | 2 | (3) | 10 | 9 |
| Other comprehensive income (loss) before reclassifications | (68) | (2) | — | (70) |
| Amounts reclassified from accumulated other comprehensive income (loss)[5] | 2 | — | (21) | (19) |
| Net current-period other comprehensive income (loss) | (66) | (2) | (21) | (89) |
| Balance at July 28, 2019 | $ (218) | $ (9) | $ 29 | $ (198) |
| **Other comprehensive income (loss) before reclassifications** | **(2)** | **2** | **—** | **—** |
| **Amounts reclassified from accumulated other comprehensive income (loss)[5]** | **210** | **—** | **(22)** | **188** |
| **Net current-period other comprehensive income (loss)** | **208** | **2** | **(22)** | **188** |
| **Balance at August 2, 2020** | **$ (10)** | **$ (7)** | **$ 7** | **$ (10)** |

(1) Included no tax as of August 2, 2020, a tax expense of $4 as of July 28, 2019, and $6 as of July 29, 2018, and July 31, 2017.
(2) Included a tax benefit of $1 as of August 2, 2020, $2 as of July 28, 2019, $4 as of July 29, 2018, and $12 as of July 31, 2017.
(3) Included a tax expense of $2 as of August 2, 2020, $8 as of July 28, 2019, $25 as of July 29, 2018, and $30 as of July 31, 2017.
(4) Reflects the adoption of the FASB guidance on stranded tax effects. See Note 2 for additional information.
(5) Reflects the reclassification from sale of businesses. See Note 3 for additional information.

Amounts related to noncontrolling interests were not material.



The amounts reclassified from Accumulated other comprehensive income (loss) consisted of the following:

| Details about Accumulated Other Comprehensive Income (Loss) Components | 2020 | 2019 | 2018 | Location of (Gain) Loss Recognized in Earnings |
|---|---|---|---|---|
| Foreign currency translation adjustments: | | | | |
| Currency translation (gains) losses realized upon disposal of businesses | **$ 23** | $ — | $ — | Other expenses / (income) |
| Currency translation (gains) losses realized upon disposal of businesses | **183** | 2 | — | Earnings (loss) from discontinued operations |
| Total before tax | **206** | 2 | — | |
| Tax expense (benefit) | **4** | — | — | |
| (Gain) loss, net of tax | **$ 210** | $ 2 | $ — | |
| (Gains) losses on cash flow hedges: | | | | |
| Foreign exchange forward contracts | **$ (2)** | $ (4) | $ 5 | Cost of products sold |
| Foreign exchange forward contracts | **1** | 2 | (4) | Earnings (loss) from discontinued operations |
| Forward starting interest rate swaps | **1** | 2 | 2 | Interest expense |
| Total before tax | **—** | — | 3 | |
| Tax expense (benefit) | **—** | — | (1) | |
| (Gain) loss, net of tax | **$ —** | $ — | $ 2 | |
| Pension and postretirement benefit adjustments: | | | | |
| Prior service credit | **$ (28)** | $ (28) | $ (27) | Other expenses / (income) |
| Tax expense (benefit) | **6** | 7 | 7 | |
| (Gain) loss, net of tax | **$ (22)** | $ (21) | $ (20) | |

## 6. Goodwill and Intangible Assets

***Goodwill***

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

| | Meals & Beverages | Snacks | Total |
|---|---|---|---|
| Net balance at July 29, 2018 | $ 978 | $ 2,886 | $ 3,864 |
| Changes in preliminary purchase price allocation[1] | — | 140 | 140 |
| Acquisitions[1] | — | 21 | 21 |
| Foreign currency translation adjustment | (1) | (7) | (8) |
| **Net balance at July 28, 2019** | $ 977 | $ 3,040 | $ 4,017 |
| **Divestiture[2]** | **—** | **(34)** | **(34)** |
| **Foreign currency translation adjustment** | **(2)** | **5** | **3** |
| **Net balance at August 2, 2020** | **$ 975** | **$ 3,011** | **$ 3,986** |

(1) See Note 4 for additional information.
(2) See Note 3 for additional information.

***Intangible Assets***

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

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| **Intangible Assets** | **Cost** | **Accumulated Amortization** | **Net** | **Cost** | **Accumulated Amortization** | **Net** |
| Amortizable intangible assets | | | | | | |
| Customer relationships | **$ 851** | **$ (112)** | **$ 739** | $ 855 | $ (70) | $ 785 |
| Other | **14** | **(14)** | **—** | 14 | (13) | 1 |
| Total amortizable intangible assets | **$ 865** | **$ (126)** | **$ 739** | $ 869 | $ (83) | $ 786 |
| Non-amortizable intangible assets | | | | | | |
| Trademarks | | | **2,611** | | | 2,629 |
| Total net intangible assets | | | **$ 3,350** | | | $ 3,415 |

Non-amortizable intangible assets consist of trademarks. As of August 2, 2020, trademarks primarily included $1,978 associated with Snyder's-Lance. Of the carrying value of all indefinite-lived trademarks, $620 related to the *Snyder's of Hanover* trademark, $292 related to the *Pace* trademark and $280 related to the *Pacific Foods* trademark. Other amortizable intangible assets consist of recipes and non-compete agreements.

Amortization of intangible assets in Earnings from continuing operations was $43 for 2020, $48 for 2019 and $20 for 2018. As of August 2, 2020, amortizable intangible assets had a weighted-average remaining useful life of 18.1 years. Amortization expense for the next 5 years is estimated to be approximately $42 per year.

Amortization of intangible assets in discontinued operations was $9 for 2019 and $14 for 2018. See Note 3 to the Consolidated Financial Statements for additional information on discontinued operations.

In the fourth quarter of 2019, we performed an assessment on the assets within the European chips business and recorded an impairment charge of $16 on customer relationships intangible assets. This business was included in the Snacks segment.

The impairment charge was recorded in Other expenses / (income) in the Consolidated Statements of Earnings.

We also recorded impairment charges on goodwill and intangible assets included in the 2019 Noncurrent assets of discontinued operations. See Note 3 for additional information.

The estimates of future cash flows used in determining the fair value of goodwill and intangible assets involve significant 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 our control, such as changes in capital markets. The actual cash flows could differ materially from management's estimates due to changes in business conditions, operating performance and economic conditions.

## 7. Business and Geographic Segment Information

Our reportable segments are as follows:

- Meals & Beverages, which includes the retail and foodservice businesses in the U.S. and Canada. The segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Pacific Foods* broth, soups and non-dairy beverages; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; *Plum* baby food and snacks; *V8* juices and beverages; and *Campbell's* tomato juice; and
- Snacks, which consists of Pepperidge Farm cookies, crackers, fresh bakery and frozen products in U.S. retail, including *Milano* cookies and *Goldfish* crackers; and *Snyder's of Hanover* pretzels, *Lance* sandwich crackers, *Cape Cod* and *Kettle Brand* potato chips, *Late July* snacks, *Snack Factory Pretzel Crisps, Pop Secret* popcorn, *Emerald* nuts, and other snacking products in the U.S. and Canada. The segment includes the retail business in Latin America. The segment also includes the results of our European chips business, which was sold on October 11, 2019.

Through the fourth quarter of 2019, our retail business in Latin America was managed as part of the Meals & Beverages segment. Beginning in 2020, it is managed as part of the Snacks segment. Segment results have been adjusted retrospectively to reflect this change.

We evaluate segment performance before interest, taxes and costs associated with restructuring activities and impairment charges. Unrealized gains and losses on commodity hedging activities are excluded from segment operating earnings and are recorded in Corporate as these open positions represent hedges of future purchases. Upon closing of the contracts, the realized gain or loss is transferred to segment operating earnings, which allows the segments to reflect the economic effects of the hedge



without exposure to quarterly volatility of unrealized gains and losses. Only the service cost component of pension and postretirement expense is allocated to segments. All other components of expense, including interest cost, expected return on assets, amortization of prior service credits and recognized actuarial gains and losses are reflected in Corporate and not included in segment operating results. Asset information by segment is not discretely maintained for internal reporting or used in evaluating performance. Therefore, only geographic segment asset information is provided.

Our largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 21% of consolidated net sales from continuing operations in 2020, 20% in 2019, and 22% in 2018. The Kroger Co. and its affiliates accounted for approximately 9% of consolidated net sales from continuing operations in 2020 and 2019, and 10% in 2018. Both of our reportable segments sold products to Wal-Mart Stores, Inc. or its affiliates and The Kroger Co. or its affiliates.

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Net sales | | | |
| Meals & Beverages | **$ 4,646** | $ 4,252 | $ 4,233 |
| Snacks | **4,045** | 3,854 | 2,379 |
| Corporate | **—** | 1 | 3 |
| Total | **$ 8,691** | $ 8,107 | $ 6,615 |

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Earnings before interest and taxes | | | |
| Meals & Beverages | **$ 983** | $ 895 | $ 979 |
| Snacks | **551** | 522 | 392 |
| Corporate[(1)] | **(418)** | (407) | (306) |
| Restructuring charges[(2)] | **(9)** | (31) | (55) |
| Total | **$ 1,107** | $ 979 | $ 1,010 |

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Depreciation and amortization | | | |
| Meals & Beverages | **$ 134** | $ 162 | $ 158 |
| Snacks | **175** | 184 | 102 |
| Corporate[(3)] | **19** | 17 | 19 |
| Discontinued operations[(4)] | **—** | 83 | 115 |
| Total | **$ 328** | $ 446 | $ 394 |

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Capital expenditures | | | |
| Meals & Beverages | **$ 52** | $ 156 | $ 187 |
| Snacks | **153** | 134 | 91 |
| Corporate[(3)] | **64** | 35 | 41 |
| Discontinued operations | **30** | 59 | 88 |
| Total | **$ 299** | $ 384 | $ 407 |

(1) Represents unallocated items. Pension and postretirement benefit settlement and mark-to-market adjustments are included in Corporate. There were settlement charges of $43 and losses of $121 in 2020, settlement charges of $28 and losses of $122 in 2019, and gains of $131 in 2018, respectively. A loss of $45 on Acre Venture Partners, L.P. (Acre) was included in 2020. See Note 16 for additional information on Acre. A loss of $64 on the sale of our European chips business was included in 2020. Costs related to the cost savings initiatives were $60, $90 and $135 in 2020, 2019 and 2018, respectively. Transaction and integration costs associated with the acquisition of Snyder's-Lance were $107 in 2018. Intangible asset impairment charges were $16 in 2019 and $54 in 2018. A charge of $22 related to the settlement of a legal claim was included in 2018.

(2) See Note 8 for additional information.

(3) Represents primarily corporate offices and enterprise-wide information technology systems.

(4) Depreciation and amortization are no longer recognized once businesses are classified as held for sale/discontinued operations.

Our global net sales based on product categories are as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Net sales | | | |
| Soup | **$ 2,653** | $ 2,368 | $ 2,355 |
| Snacks | **4,099** | 3,918 | 2,438 |
| Other simple meals | **1,184** | 1,082 | 1,108 |
| Beverages | **755** | 738 | 711 |
| Other | **—** | 1 | 3 |
| Total | **$ 8,691** | $ 8,107 | $ 6,615 |

Soup includes various soup, broths and stock products. Snacks include cookies, pretzels, crackers, popcorn, nuts, potato chips, tortilla chips and other salty snacks and baked products. Other simple meals include sauces and Plum products.

***Geographic Area Information***

Information about continuing operations in different geographic areas is as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Net sales | | | |
| United States | **$ 8,165** | $ 7,492 | $ 6,068 |
| Other countries | **526** | 615 | 547 |
| Total | **$ 8,691** | $ 8,107 | $ 6,615 |

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Long-lived assets | | | |
| United States | **$ 2,361** | $ 2,400 | $ 2,363 |
| Other countries | **7** | 55 | 103 |
| Total | **$ 2,368** | $ 2,455 | $ 2,466 |

## 8. Restructuring Charges and Cost Savings Initiatives

*Multi-year Cost Savings Initiatives and Snyder's-Lance Cost Transformation Program and Integration*

Beginning in fiscal 2015, we implemented initiatives to reduce costs and to streamline our organizational structure.

In recent years, we expanded these initiatives by further optimizing our supply chain and manufacturing networks, including closing our manufacturing facility in Toronto, Ontario, as well as our information technology infrastructure.

On March 26, 2018, we completed the acquisition of Snyder's-Lance. Prior to the acquisition, Snyder's-Lance launched a cost transformation program following a comprehensive review of its operations with the goal of significantly improving its financial performance. We continue to implement this program. In addition, we have identified opportunities for additional cost synergies as we integrate Snyder's-Lance.

Cost estimates, as well as timing for certain activities, are continuing to be developed.

A summary of the pre-tax charges recorded in Earnings from continuing operations related to these initiatives is as follows:

| | 2020 | 2019 | 2018 | Recognized as of August 2, 2020 |
|---|---|---|---|---|
| Restructuring charges | **$ 9** | $ 31 | $ 55 | $ 238 |
| Administrative expenses | **48** | 62 | 99 | 311 |
| Cost of products sold | **9** | 18 | 45 | 76 |
| Marketing and selling expenses | **2** | 7 | 3 | 12 |
| Research and development expenses | **1** | 3 | — | 4 |
| Total pre-tax charges | **$ 69** | $ 121 | $ 202 | $ 641 |



A summary of the pre-tax charges recorded in Earnings (loss) from discontinued operations is as follows:

| | 2020 | 2019 | 2018 | Recognized as of August 2, 2020(1) |
|---|---|---|---|---|
| Total pre-tax charges | **$ —** | $ — | $ 8 | $ 23 |

(1) Includes $19 of severance pay and benefits and $4 of implementation costs and other related costs.

As of April 28, 2019, we incurred substantially all of the costs for actions associated with discontinued operations. All of the costs were cash expenditures.

A summary of the pre-tax costs in Earnings from continuing operations associated with the initiatives is as follows:

| | Recognized as of August 2, 2020 |
|---|---|
| Severance pay and benefits | $ 214 |
| Asset impairment/accelerated depreciation | 67 |
| Implementation costs and other related costs | 360 |
| Total | $ 641 |

The total estimated pre-tax costs for actions associated with continuing operations that have been identified are approximately $665 to $690 and we expect to incur substantially all of the costs through 2021. This estimate will be updated as costs for the expanded initiatives are developed.

We expect the costs for actions associated with continuing operations that have been identified to date to consist of the following: approximately $215 to $220 in severance pay and benefits; approximately $70 in asset impairment and accelerated depreciation; and approximately $380 to $400 in implementation costs and other related costs. We expect these pre-tax costs to be associated with our segments as follows: Meals & Beverages - approximately 33%; Snacks - approximately 42%; and Corporate - approximately 25%.

Of the aggregate $665 to $690 of pre-tax costs associated with continuing operations identified to date, we expect approximately $585 to $610 will be cash expenditures. In addition, we expect to invest approximately $420 in capital expenditures through 2022, of which we invested $336 as of August 2, 2020. The capital expenditures primarily relate to the U.S. warehouse optimization project, improvement of quality, safety and cost structure across the Snyder's-Lance manufacturing network, implementation of an SAP enterprise-resource planning system for Snyder's-Lance, optimization of information technology infrastructure and applications, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, insourcing of manufacturing for certain simple meal products, and optimization of the Snyder's-Lance warehouse and distribution network.

A summary of the restructuring activity and related reserves associated with continuing operations at August 2, 2020, is as follows:

| | Severance Pay and Benefits | Implementation Costs and Other Related Costs(4) | Asset Impairment/ Accelerated Depreciation | Total Charges |
|---|---|---|---|---|
| Accrued balance at July 29, 2018(1) | $ 43 | | | |
| 2019 charges | 31 | 72 | 18 | $ 121 |
| 2019 cash payments | (36) | | | |
| Foreign currency translation adjustment | (1) | | | |
| Accrued balance at July 28, 2019(2) | $ 37 | | | |
| **2020 charges** | **9** | **56** | **4** | **$ 69** |
| **2020 cash payments** | **(31)** | | | |
| **Accrued balance at August 2, 2020(3)** | **$ 15** | | | |

(1) Includes $24 of severance pay and benefits recorded in Other liabilities in the Consolidated Balance Sheet.

(2) Includes $8 of severance pay and benefits recorded in Other liabilities in the Consolidated Balance Sheet.

(3) Includes $3 of severance pay and benefits recorded in Other liabilities in the Consolidated Balance Sheet.

(4) Includes other costs recognized as incurred that are not reflected in the restructuring reserve in the Consolidated Balance Sheet. The costs are included in Administrative expenses, Cost of products sold, Marketing and selling expenses, and Research and development expenses in the Consolidated Statements of Earnings.

Restructuring reserves included in Current liabilities of discontinued operations were $1 at July 28, 2019, and $3 at July 29, 2018.

Segment operating results do not include restructuring charges, implementation costs and other related costs because we evaluate segment performance excluding such charges. A summary of the pre-tax costs in Earnings from continuing operations associated with segments is as follows:

| | 2020 | Costs Incurred to Date |
|---|---|---|
| Meals & Beverages | $ 9 | $ 220 |
| Snacks | 50 | 251 |
| Corporate | 10 | 170 |
| Total | $ 69 | $ 641 |

## 9. Earnings per Share (EPS)

For the periods presented in the Consolidated Statements of Earnings, the calculations of basic EPS and EPS assuming dilution vary in that the weighted average shares outstanding assuming dilution include the incremental effect of stock options and other share-based payment awards, except when such effect would be antidilutive. The earnings per share calculation for 2020 and 2018 excludes approximately 1 million stock options and for 2019 excludes approximately 2 million stock options that would have been antidilutive.

## 10. Noncontrolling Interests

We own a 60% controlling interest in a joint venture formed with Swire Pacific Limited in China. We also owned a 99.8% interest in Acre, a limited partnership formed to make venture capital investments in innovative new companies in food and food-related industries. This business was sold in May 2020. See Note 16 for additional information.

On March 26, 2018, we acquired Snyder's-Lance, including an 80% interest in one of its subsidiaries. In April 2018, we purchased the remaining 20% interest for $47.

The noncontrolling interests' share in the net earnings (loss) was included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings. The noncontrolling interests in these entities were included in Total equity in the Consolidated Balance Sheets and Consolidated Statements of Equity.

## 11. Pension and Postretirement Benefits

*Pension Benefits* — We sponsor a number of noncontributory defined benefit pension plans to provide retirement benefits to eligible U.S. and non-U.S. employees. The benefits provided under these plans are based primarily on years of service and compensation levels. Benefits are paid from funds previously provided to trustees or are paid directly by us from general funds. In 1999, we implemented significant amendments to certain U.S. pension plans. Under a new formula, retirement benefits are determined based on percentages of annual pay and age. To minimize the impact of converting to the new formula, service and earnings credit continued to accrue for fifteen years for certain active employees participating in the plans under the old formula prior to the amendments. Employees will receive the benefit from either the new or old formula, whichever is higher. Effective as of January 1, 2011, our U.S. pension plans were amended so that employees hired or rehired on or after that date and who are not covered by collective bargaining agreements will not be eligible to participate in the plans. All collective bargaining units adopted this amendment by December 31, 2011.

*Postretirement Benefits* — We provide postretirement benefits, including health care and life insurance, to substantially all retired U.S. employees and their dependents. We established retiree medical account benefits for eligible U.S. retirees. The accounts were intended to provide reimbursement for eligible health care expenses on a tax-favored basis. Effective as of January 1, 2011, the retirement medical program was amended to eliminate the retiree medical account benefit for employees not covered by collective bargaining agreements. To preserve the benefit for employees close to retirement age, the retiree medical account will be available to employees who were at least age 50 with at least 10 years of service as of December 31, 2010, and who satisfy the other eligibility requirements for the retiree medical program. In July 2016, the retirement medical program was amended and effective as of January 1, 2017, we no longer sponsor our own medical coverage for certain Medicare-eligible retirees. In July 2017, the retirement medical program was once again amended and beginning on January 1, 2018, we no longer sponsor our own medical coverage for certain Medicare-eligible retirees covered by one of our collective bargaining agreements. In July 2018, the retirement medical program was once again amended and beginning on January 1, 2019, we no longer sponsor our own medical coverage for certain Medicare-eligible retirees covered by our remaining collective bargaining agreement. Instead, in connection with these amendments, we offer these Medicare-eligible retirees access to health care coverage through a private exchange and offer a health reimbursement account to subsidize benefits for a select group of such retirees.



We use the fiscal year end as the measurement date for the benefit plans.

***Components of net benefit expense (income) were as follows:***

| | Pension | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Service cost | **$ 19** | $ 21 | $ 24 |
| Interest cost | **65** | 82 | 74 |
| Expected return on plan assets | **(134)** | (143) | (144) |
| Amortization of prior service cost | **—** | 1 | — |
| Recognized net actuarial (gain) loss | **98** | 120 | (104) |
| Special termination benefits | **—** | — | 2 |
| Curtailment gains | **—** | — | (2) |
| Settlement charges | **43** | 28 | — |
| Net periodic benefit expense (income) | **$ 91** | $ 109 | $ (150) |

The components of net periodic benefit expense (income) other than the service cost component associated with continuing operations are included in Other expenses / (income) in the Consolidated Statements of Earnings.

The settlement charges of $43 in 2020 resulted from the level of lump sum distributions associated with a U.S. pension plan and a Canadian pension plan. The settlement charge of $28 in 2019 resulted from the level of lump sum distributions associated with a U.S. pension plan.

The special termination benefits of $2 related to the planned closure of the manufacturing facility in Toronto, Ontario, and were included in Restructuring charges.

Net periodic benefit expense (income) associated with discontinued operations was not material in 2020, $13 in 2019, and ($4) in 2018.

Beginning in 2018, we changed the method we use to estimate the service and interest cost components of net periodic benefit expense (income). We elected to use a full yield curve approach to estimate service cost and interest cost by applying the specific spot rates along the yield curve used to determine the benefit obligation of the relevant projected cash flows. Previously, we estimated service cost and interest cost using a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. We made this change to provide a more precise measurement of service cost and interest cost by improving the correlation between projected benefit cash flows and the corresponding spot yield curve rates. This change does not affect the measurement of our benefit obligations. We accounted for this change prospectively in 2018 as a change in accounting estimate. As a result of this change, net periodic benefit income increased by approximately $17 in 2018, compared to what the net periodic benefit income would have been under the previous method.

| | Postretirement | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Service cost | **$ 1** | $ 1 | $ 1 |
| Interest cost | **6** | 8 | 7 |
| Amortization of prior service credit | **(28)** | (29) | (27) |
| Recognized net actuarial (gain) loss | **23** | 14 | (16) |
| Net periodic benefit expense (income) | **$ 2** | $ (6) | $ (35) |

The components of net periodic benefit expense (income) other than the service cost component associated with continuing operations are included in Other expenses / (income) in the Consolidated Statements of Earnings.

The estimated prior service credit that will be amortized from Accumulated other comprehensive loss into net periodic postretirement expense during 2021 is $5. The prior service credit is primarily related to the amendments in July 2016, July 2017, and July 2018.

***Change in benefit obligation:***

| | Pension | | Postretirement | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Obligation at beginning of year | **$ 2,345** | $ 2,257 | **$ 235** | $ 235 |
| Service cost | **19** | 21 | **1** | 1 |
| Interest cost | **65** | 82 | **6** | 8 |
| Actuarial loss (gain) | **237** | 168 | **23** | 14 |
| Benefits paid | **(148)** | (154) | **(21)** | (24) |
| Settlements | **(41)** | (20) | **—** | — |
| Medicare subsidies | **—** | — | **—** | 1 |
| Other | **(3)** | (1) | **—** | — |
| Divestitures | **(105)** | — | — | — |
| Foreign currency adjustment | **(3)** | (8) | **—** | — |
| Benefit obligation at end of year | **$ 2,366** | $ 2,345 | **$ 244** | $ 235 |

***Change in the fair value of pension plan assets:***

| | 2020 | 2019 |
|---|---|---|
| Fair value at beginning of year | **$ 2,153** | $ 2,154 |
| Actual return on plan assets | **230** | 162 |
| Employer contributions | **2** | 5 |
| Benefits paid | **(135)** | (141) |
| Settlements | **(41)** | (20) |
| Divestitures | **(86)** | — |
| Foreign currency adjustment | **(3)** | (7) |
| Fair value at end of year | **$ 2,120** | $ 2,153 |

***Net amounts recognized in the Consolidated Balance Sheets:***

| | Pension | | Postretirement | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Other assets | **$ 10** | $ 21 | **$ —** | $ — |
| Accrued liabilities | **14** | 14 | **24** | 25 |
| Other liabilities | **242** | 179 | **220** | 210 |
| Noncurrent liabilities of discontinued operations | **—** | 20 | **—** | — |
| Net amounts recognized | **$ 246** | $ 192 | **$ 244** | $ 235 |

| Amounts recognized in accumulated other comprehensive income (loss) consist of: | Pension | | Postretirement | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Prior service (cost) credit | **$ (1)** | $ (1) | **$ 10** | $ 38 |

The change in amounts recognized in accumulated other comprehensive income (loss) associated with postretirement benefits was due to amortization in 2020.

The following table provides information for pension plans with accumulated benefit obligations in excess of plan assets:

| | 2020 | 2019 |
|---|---|---|
| Projected benefit obligation | **$ 1,783** | $ 1,771 |
| Accumulated benefit obligation | **$ 1,763** | $ 1,749 |
| Fair value of plan assets | **$ 1,527** | $ 1,558 |

The accumulated benefit obligation for all pension plans was $2,338 at August 2, 2020, and $2,317 at July 28, 2019.



***Weighted-average assumptions used to determine benefit obligations at the end of the year:***

| | Pension | | Postretirement | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Discount rate | **2.47%** | 3.46% | **2.15%** | 3.28% |
| Rate of compensation increase | **3.23%** | 3.20% | **3.25%** | 3.25% |

***Weighted-average assumptions used to determine net periodic benefit cost for the years ended:***

| | Pension | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Discount rate | **3.46%** | 4.15% | 3.74% |
| Expected return on plan assets | **6.85%** | 6.86% | 6.84% |
| Rate of compensation increase | **3.20%** | 3.21% | 3.24% |

The discount rate is established as of our fiscal year-end measurement date. In establishing the discount rate, we review 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 our 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.

The discount rate used to determine net periodic postretirement expense was 3.28% in 2020, 4.06% in 2019, and 3.45% in 2018.

***Assumed health care cost trend rates at the end of the year:***

| | 2020 | 2019 |
|---|---|---|
| Health care cost trend rate assumed for next year | **6.25%** | 6.25% |
| Rate to which the cost trend rate is assumed to decline (ultimate trend rate) | **4.50%** | 4.50% |
| Year that the rate reaches the ultimate trend rate | **2024** | 2023 |

A one-percentage-point increase or decrease in assumed health care costs would not significantly impact 2020 reported service and interest cost nor the 2020 accumulated benefit obligation.

***Pension Plan Assets***

The fundamental goal underlying the investment policy is to ensure that the assets of the plans are invested in a prudent manner to meet the obligations of the plans as these obligations come due. The primary investment objectives include providing a total return which will promote the goal of benefit security by attaining an appropriate ratio of plan assets to plan obligations, to provide for real asset growth while also tracking plan obligations, to diversify investments across and within asset classes, to reduce the impact of losses in single investments, and to follow investment practices that comply with applicable laws and regulations.

The primary policy objectives will be met by investing assets to achieve a reasonable tradeoff between return and risk relative to plan obligations. This includes investing a portion of the assets in funds selected in part to hedge the interest rate sensitivity to plan obligations.

The portfolio includes investments in the following asset classes: fixed income, equity, real estate and alternatives. Fixed income will provide a moderate expected return and partially hedge the exposure to interest rate risk of the plans' obligations. Equities are used for their high expected return. Additional asset classes are used to provide diversification.

Asset allocation is monitored on an ongoing basis relative to the established asset class targets. The interaction between plan assets and benefit obligations is periodically studied to assist in the establishment of strategic asset allocation targets. The investment policy permits variances from the targets within certain parameters. Asset rebalancing occurs when the underlying asset class allocations move outside these parameters, at which time the asset allocation is rebalanced back to the policy target weight.

Our year-end pension plan weighted-average asset allocations by category were:

| | Strategic Target | 2020 | 2019 |
|---|---|---|---|
| Equity securities | 38% | **38%** | 42% |
| Debt securities | 53% | **53%** | 46% |
| Real estate and other | 9% | **9%** | 12% |
| Total | 100% | **100%** | 100% |

Pension plan assets are categorized based on the following fair value hierarchy:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with observable market data.
- Level 3: Unobservable inputs, which are valued based on our estimates of assumptions that market participants would use in pricing the asset or liability.

The following table presents our pension plan assets by asset category at August 2, 2020, and July 28, 2019:

| | Fair Value as of August 2, 2020 | Fair Value Measurements at August 2, 2020 Using Fair Value Hierarchy | | | Fair Value as of July 28, 2019 | Fair Value Measurements at July 28, 2019 Using Fair Value Hierarchy | | |
|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Short-term investments | $ 42 | $ 42 | $ — | $ — | $ 78 | $ 32 | $ 46 | $ — |
| Equities: | | | | | | | | |
| U.S. | 261 | 261 | — | — | 267 | 267 | — | — |
| Non-U.S. | 240 | 240 | — | — | 217 | 217 | — | — |
| Corporate bonds: | | | | | | | | |
| U.S. | 749 | — | 749 | — | 635 | — | 635 | — |
| Non-U.S. | 130 | — | 130 | — | 142 | — | 142 | — |
| Government and agency bonds: | | | | | | | | |
| U.S. | 74 | — | 74 | — | 73 | — | 73 | — |
| Non-U.S. | 24 | — | 24 | — | 29 | — | 29 | — |
| Municipal bonds | 30 | — | 30 | — | 64 | — | 64 | — |
| Mortgage and asset backed securities | 34 | — | 34 | — | 36 | — | 36 | — |
| Real estate | 7 | 4 | — | 3 | 9 | 5 | — | 4 |
| Hedge funds | 31 | — | — | 31 | 32 | — | — | 32 |
| Derivative assets | 2 | — | 2 | — | 4 | — | 4 | — |
| Derivative liabilities | (6) | — | (6) | — | (6) | — | (6) | — |
| Total assets at fair value | $ 1,618 | $ 547 | $ 1,037 | $ 34 | $ 1,580 | $ 521 | $ 1,023 | $ 36 |
| Investments measured at net asset value: | | | | | | | | |
| Short-term investments | 22 | | | | 23 | | | |
| Commingled funds: | | | | | | | | |
| Equities | 262 | | | | 319 | | | |
| Fixed income | 139 | | | | 35 | | | |
| Blended | — | | | | 84 | | | |
| Real estate | 84 | | | | 107 | | | |
| Hedge funds | 61 | | | | 76 | | | |
| Total investments measured at net asset value: | 568 | | | | 644 | | | |
| Other items to reconcile to fair value of plan assets | (66) | | | | (71) | | | |
| Total pension plan assets at fair value | $ 2,120 | | | | $ 2,153 | | | |

*Short-term investments* — Investments include cash and cash equivalents, and various short-term debt instruments and short-term investment funds. Institutional short-term investment vehicles valued daily are classified as Level 1 at cost which approximates market value. Short-term debt instruments are classified at Level 2 and are valued based on bid quotations and



recent trade data for identical or similar obligations. Other investments valued based upon net asset value are included as a reconciling item to the fair value table.

*Equities* — Common stocks and preferred stocks are classified as Level 1 and are valued using quoted market prices in active markets.

*Corporate bonds* — These investments are valued based on quoted market prices, yield curves and pricing models using current market rates.

*Government and agency bonds* — These investments are generally valued based on bid quotations and recent trade data for identical or similar obligations.

*Municipal bonds* — These investments are valued based on quoted market prices, yield curves and pricing models using current market rates.

*Mortgage and asset backed securities* — These investments are valued based on prices obtained from third party pricing sources. The prices from third party pricing sources may be based on bid quotes from dealers and recent trade data. Mortgage backed securities are traded in the over-the-counter market.

*Real estate* — Real estate investments consist of real estate investment trusts, property funds and limited partnerships. Real estate investment trusts are classified as Level 1 and are valued based on quoted market prices. Property funds are classified as either Level 2 or Level 3 depending upon whether liquidity is limited or there are few observable market participant transactions. Property funds are valued based on third party appraisals. Limited partnerships are valued based upon valuations provided by the general partners of the funds. The values of limited partnerships are based upon an assessment of each underlying investment, incorporating valuations that consider the evaluation of financing and sales transactions with third parties, expected cash flows, and market-based information, including comparable transactions and performance multiples among other factors. The investments are classified as Level 3 since the valuation is determined using unobservable inputs. Real estate investments valued at net asset value are included as a reconciling item to the fair value table.

*Hedge funds* — Hedge fund investments include hedge funds valued based upon a net asset value derived from the fair value of underlying securities. Hedge fund investments that are subject to liquidity restrictions or that are based on unobservable inputs are classified as Level 3. Hedge fund investments may include long and short positions in equity and fixed income securities, derivative instruments such as futures and options, commodities and other types of securities. Hedge fund investments valued at net asset value are included as a reconciling item to the fair value table.

*Derivatives* — Derivative financial instruments include forward currency contracts, futures contracts, options contracts, interest rate swaps and credit default swaps. Derivative financial instruments are classified as Level 2 and are valued based on observable market transactions or prices.

*Commingled funds* — Investments in commingled funds are not traded in active markets. Blended commingled funds are invested in both equities and fixed income securities. Commingled funds are valued based on the net asset values of such funds and are included as a reconciling item to the fair value table.

Other items to reconcile to fair value of plan assets included amounts due for securities sold, amounts payable for securities purchased, and other payables.

The following table summarizes the changes in fair value of Level 3 investments for the years ended August 2, 2020, and July 28, 2019:

| | Real Estate | Hedge Funds | Total |
|---|---|---|---|
| Fair value at July 28, 2019 | $ 4 | $ 32 | $ 36 |
| **Actual return on plan assets** | — | — | — |
| **Purchases, sales and settlements, net** | (1) | (1) | (2) |
| **Transfers out of Level 3** | — | — | — |
| **Fair value at August 2, 2020** | $ 3 | $ 31 | $ 34 |

| | Real Estate | Hedge Funds | Total |
|---|---|---|---|
| Fair value at July 29, 2018 | $ 6 | $ 34 | $ 40 |
| Actual return on plan assets | 1 | — | 1 |
| Purchases, sales and settlements, net | (3) | (2) | (5) |
| Transfers out of Level 3 | — | — | — |
| Fair value at July 28, 2019 | $ 4 | $ 32 | $ 36 |

The following tables present additional information about the pension plan assets valued using net asset value as a practical expedient within the fair value hierarchy table:

| | Fair Value 2020 | Fair Value 2019 | Redemption Frequency | Redemption Notice Period Range |
|---|---|---|---|---|
| Short-term investments | **$ 22** | $ 23 | Daily | 1 day |
| Commingled funds: | | | | |
| Equities | **262** | 319 | Daily, Monthly | 1 to 60 days |
| Fixed income | **139** | 35 | Daily, Quarterly | 2 to 50 days |
| Blended | **—** | 84 | Primarily Daily | 1 to 20 days |
| Real estate funds[1] | **84** | 107 | Quarterly | 45 to 90 days |
| Hedge funds | **61** | 76 | Monthly | 5 to 30 days |
| Total | **$ 568** | $ 644 | | |

[1] Includes real estate investments valued at $35 as of August 2, 2020, for which redemption queues existed. Investor redemption payments are made subject to cash availability.

There were no unfunded commitments in 2020 or 2019.

We do not expect contributions to pension plans to be material in 2021.

***Estimated future benefit payments are as follows:***

| | Pension | Postretirement |
|---|---|---|
| 2021 | $ 181 | $ 24 |
| 2022 | $ 164 | $ 23 |
| 2023 | $ 156 | $ 21 |
| 2024 | $ 148 | $ 20 |
| 2025 | $ 143 | $ 18 |
| 2026-2030 | $ 663 | $ 74 |

The estimated future benefit payments include payments from funded and unfunded plans.

*Defined Contribution Plans* — We sponsor a 401(k) Retirement Plan that covers substantially all U.S. employees and provide a matching contribution of 100% of employee contributions up to 4% of eligible compensation. In addition, for employees not eligible to participate in defined benefit plans that we sponsor, we provide a contribution equal to 3% of compensation regardless of their participation in the 401(k) Retirement Plan. Through December 31, 2019, all Snyder's-Lance U.S. employees were eligible to participate in a 401(k) retirement plan sponsored by Snyder's-Lance that provided participants with matching contributions equal to 100% of the first 4% and 50% of the next 1% of eligible compensation. As of January 1, 2020, Snyder's-Lance employees were transitioned to the 401(k) Retirement Plan and receive the same contributions under the 401(k) Retirement Plan noted above. Amounts charged to Costs and expenses of continuing operations were $62 in 2020, $52 in 2019 and $42 in 2018. Amounts charged to discontinued operations were $4 in 2019 and $3 in 2018.

## 12. Leases

We lease warehouse and distribution facilities, office space, manufacturing facilities, equipment and vehicles, primarily through operating leases.

Leases recorded on our Consolidated Balance Sheet have remaining terms primarily from 1 to 15 years.

Our fleet leases generally include residual value guarantees that are assessed at lease inception in determining ROU assets and corresponding liabilities. No other significant restrictions or covenants are included in our leases.



The components of lease costs were as follows:

| | 2020 Nine Months Ended |
|---|---|
| Operating lease cost | $ 81 |
| Finance lease - amortization of ROU assets | 2 |
| Short-term lease cost | 39 |
| Variable lease cost[1] | 172 |
| Sublease income | (3) |
| Total | $ 291 |

[1] Includes labor and other overhead included in our service contracts with embedded leases.

Total lease cost includes $4 related to discontinued operations.

The following table summarizes the lease amounts recorded in the Consolidated Balance Sheet:

| | August 2, 2020 Operating | August 2, 2020 Finance |
|---|---|---|
| **Assets** | | |
| Plant assets, net of depreciation | $ — | $ 10 |
| Other assets | 254 | — |
| Total lease assets | $ 254 | $ 10 |
| **Liabilities** | | |
| Short-term borrowings | $ — | $ 3 |
| Accrued liabilities | 67 | — |
| Long-term debt | — | 7 |
| Other liabilities | 184 | — |
| Total lease liabilities | $ 251 | $ 10 |

Weighted-average lease terms and discount rates were as follows:

| | August 2, 2020 Operating | August 2, 2020 Finance |
|---|---|---|
| Weighted-average remaining term in years | 6.7 | 3.0 |
| Weighted-average discount rate | 2.6 % | 1.8 % |

Future minimum lease payments are as follows:

| | August 2, 2020 Operating | August 2, 2020 Finance |
|---|---|---|
| 2021 | $ 73 | $ 3 |
| 2022 | 42 | 4 |
| 2023 | 36 | 3 |
| 2024 | 27 | — |
| 2025 | 22 | — |
| Thereafter | 77 | — |
| Total future undiscounted lease payments | 277 | 10 |
| Less imputed interest | 26 | — |
| Total reported lease liability | $ 251 | $ 10 |

Supplemental cash flow and other information related to leases was as follows:

| | 2020 |
|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Operating cash flows from operating leases | $ 79 |
| Financing cash flows from finance leases | $ 2 |
| ROU assets obtained in exchange for lease obligations: | |
| Operating leases | $ 88 |
| Finance leases | $ 10 |
| ROU assets divested with businesses sold: | |
| Operating leases | $ 18 |
| Finance leases | $ 5 |
| Lease liabilities derecognized upon adoption: | |
| Build-to-suit lease commitment | $ 20 |

## 13. Taxes on Earnings

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

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Income taxes: | | | |
| Currently payable: | | | |
| Federal | **$ 152** | $ 104 | $ 93 |
| State | **26** | 19 | 26 |
| Non-U.S. | **3** | 5 | 11 |
| | **181** | 128 | 130 |
| Deferred: | | | |
| Federal | **(12)** | 19 | (26) |
| State | **4** | 7 | 14 |
| Non-U.S. | **1** | (3) | (12) |
| | **(7)** | 23 | (24) |
| | **$ 174** | $ 151 | $ 106 |

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Earnings from continuing operations before income taxes: | | | |
| United States | **$ 737** | $ 624 | $ 832 |
| Non-U.S. | **29** | 1 | (2) |
| | **$ 766** | $ 625 | $ 830 |



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

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Federal statutory income tax rate | **21.0 %** | 21.0 % | 21.0 % |
| State income taxes (net of federal tax benefit) | **3.5** | 2.2 | 3.0 |
| Tax effect of international items | **(0.3)** | — | (0.5) |
| Federal manufacturing deduction | **—** | — | (1.4) |
| Tax Reform - impact on U.S. deferred tax assets and liabilities[1] | **—** | — | (21.7) |
| Tax Reform - transition tax[1] | **—** | 0.3 | 6.4 |
| Effect of higher U.S. federal statutory tax rate[1] | **—** | — | 5.3 |
| Divestiture impact on deferred taxes | **—** | 1.2 | — |
| Benefit on sale of the European chips business | **(1.3)** | — | — |
| Other | **(0.2)** | (0.5) | 0.7 |
| Effective income tax rate | **22.7 %** | 24.2 % | 12.8 % |

[1] The Tax Cuts and Jobs Act of 2017 (the Act) was enacted into law on December 22, 2017, and made significant changes to corporate taxation. Changes under the Act included:

- Reducing the federal corporate tax rate from 35% to 21% effective January 1, 2018. A blended rate applied for fiscal 2018 non-calendar year end companies for the fiscal periods that included the effective date of the rate change. The impact of this is shown as "Effect of higher U.S. federal statutory tax rate;"
- Repealing the exception for deductibility of performance-based compensation to covered employees, which impacted us beginning in 2019, along with expanding the number of covered employees;
- Transitioning to a territorial system for taxation on foreign earnings along with the imposition of a transition tax in 2018 on the deemed repatriation of unremitted foreign earnings;
- Immediate expensing of machinery and equipment placed into service after September 27, 2017;
- Eliminating the deduction for domestic manufacturing activities, which impacted us beginning in 2019;
- Changes to the taxation of multinational companies, including a new minimum tax on Global Intangible Low-Taxed Income, a new Base Erosion Anti-Abuse Tax, and a new U.S. corporate deduction for Foreign-Derived Intangible Income, all of which were effective for us beginning in 2019; and
- Limiting the deductibility of interest expense to 30% of adjusted taxable income, which was effective for us beginning in 2019.

As a result of the Act, we recognized a benefit of $179 in 2018 on the remeasurement of deferred tax assets and liabilities and expenses of $2 in 2019 and $53 in 2018 on the transition tax on unremitted foreign earnings.

Deferred tax liabilities and assets of continuing operations and discontinued operations are comprised of the following:

| | 2020 | 2019 |
|---|---|---|
| Depreciation | **$ 319** | $ 336 |
| Amortization | **856** | 877 |
| Other | **9** | 16 |
| Deferred tax liabilities | **1,184** | 1,229 |
| Benefits and compensation | **144** | 157 |
| Pension benefits | **58** | 46 |
| Tax loss carryforwards | **31** | 43 |
| Capital loss carryforwards | **95** | 287 |
| Outside basis difference | **—** | 116 |
| Other | **65** | 82 |
| Gross deferred tax assets | **393** | 731 |
| Deferred tax asset valuation allowance | **(122)** | (427) |
| Deferred tax assets, net of valuation allowance | **271** | 304 |
| Net deferred tax liability | **$ 913** | $ 925 |

At August 2, 2020, our U.S. and non-U.S. subsidiaries had tax loss carryforwards of approximately $361. Of these carryforwards, $39 may be carried forward indefinitely, and $322 expire between 2021 and 2037, with the majority expiring after 2028. At August 2, 2020, deferred tax asset valuation allowances have been established to offset $134 of these tax loss carryforwards. Additionally, as of August 2, 2020, our U.S. and non-U.S. subsidiaries had capital loss carryforwards of approximately $382, all of which were offset by valuation allowances. The decrease in the total capital loss carryforwards for 2020 was primarily due to the sale of the Arnott's and other international operations.

The net change in the deferred tax asset valuation allowance in 2020 was a decrease of $305. The decrease was primarily due to the sale of the Arnott's and other international operations. The net change in the deferred tax asset valuation allowance in 2019 was an increase of $294. The increase was primarily due to the sale of Bolthouse Farms and the pending sale of the Arnott's and other international operations. The net change in the deferred tax asset valuation allowance in 2018 was an increase of $13. The increase was primarily due to the acquisition of Snyder's-Lance and the impact of currency.

As of August 2, 2020, and July 28, 2019, other deferred tax assets included $13 of state tax credit carryforwards related to various states that expire between 2021 and 2031. As of August 2, 2020, and July 28, 2019, deferred tax asset valuation allowances have been established to offset the $13 of state credit carryforwards.

As of August 2, 2020, we had approximately $18 of undistributed earnings of foreign subsidiaries. Consistent with prior years, these unremitted earnings and the investment in our foreign subsidiaries are deemed to be permanently reinvested and no additional tax has been provided. It is not practical to estimate the tax liability that might be incurred if such earnings were remitted to the U.S.

A reconciliation of the activity related to unrecognized tax benefits follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Balance at beginning of year | **$ 24** | $ 32 | $ 64 |
| Increases related to prior-year tax positions | **—** | 1 | — |
| Decreases related to prior-year tax positions | **(1)** | (1) | (37) |
| Increases related to current-year tax positions | **2** | 2 | 2 |
| Settlements | **(1)** | (9) | (1) |
| Lapse of statute | **(1)** | (1) | — |
| Increase due to acquisitions | **—** | — | 4 |
| Balance at end of year | **$ 23** | $ 24 | $ 32 |

The amount of unrecognized tax benefits that, if recognized, would impact the annual effective tax rate was $18 as of August 2, 2020, $17 as of July 28, 2019, and $23 as of July 29, 2018. The total amount of unrecognized tax benefits can change due to audit settlements, tax examination activities, statute expirations and the recognition and measurement criteria under accounting for uncertainty in income taxes.

Our accounting policy with respect to interest and penalties attributable to income taxes is to reflect any expense or benefit as a component of our income tax provision. The total amount of interest and penalties recognized in the Consolidated Statements of Earnings were earnings were not material in 2020, 2019, and 2018. The total amount of interest and penalties recognized in the Consolidated Balance Sheets in Other liabilities was $4 as of August 2, 2020, and as of July 28, 2019.

We do business internationally and, as a result, file income tax returns in the U.S. federal jurisdiction and various state and non-U.S. jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world, including such major jurisdictions as the U.S. and Canada. The 2019 and 2020 tax years are currently under audit by the Internal Revenue Service. In addition, several state income tax examinations are in progress for the years 2015 to 2018.

With limited exceptions, we have been audited for income tax purposes in Canada through 2015.

**14. Short-term Borrowings and Long-term Debt**

Short-term borrowings consist of the following:

| | 2020 | 2019 |
|---|---|---|
| Commercial paper | **$ 280** | $ 853 |
| Notes | **721** | 500 |
| Debentures | **200** | — |
| Finance leases | **3** | 1 |
| Build-to-suit lease commitment | **—** | 20 |
| Other[1] | **(2)** | (3) |
| Total short-term borrowings | **$ 1,202** | $ 1,371 |

(1) Includes unamortized net discount/premium on debt issuances and debt issuance costs.

As of August 2, 2020, the weighted-average interest rate of commercial paper, which consisted of U.S. borrowings, was 2.10%. As of July 28, 2019, the weighted-average interest rate was 2.97%.

As of August 2, 2020, we issued $34 of standby letters of credit. We have a committed revolving credit facility totaling $1,850 that matures in December 2021. This U.S. facility remained unused at August 2, 2020, except for $1 of standby letters of credit that we issued under it. The U.S. facility supports our commercial paper programs and other general corporate purposes. In March 2020, we borrowed $300 under this revolving credit facility and on May 1, 2020 we repaid the borrowings.

As of July 28, 2019, we had short-term borrowings of $232 reflected in Current liabilities of discontinued operations. The borrowings were repaid in August 2019.

Long-term debt consists of the following:

| Type | Fiscal Year of Maturity | Rate | 2020 | 2019 |
|---|---|---|---|---|
| Notes | 2020 | Variable | $ — | $ 500 |
| Notes | 2021 | Variable | **400** | 400 |
| Senior Term Loan | 2021 | Variable | — | 499 |
| Notes | 2021 | 3.30% | **321** | 650 |
| Notes | 2021 | 4.25% | — | 500 |
| Debentures | 2021 | 8.875% | **200** | 200 |
| Notes | 2023 | 2.50% | **450** | 450 |
| Notes | 2023 | 3.65% | **566** | 1,200 |
| Notes | 2025 | 3.95% | **850** | 850 |
| Notes | 2025 | 3.30% | **300** | 300 |
| Notes | 2028 | 4.15% | **1,000** | 1,000 |
| Notes | 2030 | 2.375% | **500** | — |
| Notes | 2043 | 3.80% | **163** | 400 |
| Notes | 2048 | 4.80% | **700** | 700 |
| Notes | 2050 | 3.125% | **500** | — |
| Finance leases | | | **7** | 3 |
| Other(1) | | | **(42)** | (49) |
| Total | | | **$ 5,915** | $ 7,603 |
| Less current portion | | | **921** | 500 |
| Total long-term debt | | | **$ 4,994** | $ 7,103 |

(1) Includes unamortized net discount/premium on debt issuances and debt issuance costs.

On January 22, 2020, we completed the redemption of all $500 outstanding aggregate principal amount of our 4.25% Senior Notes due 2021. On January 24, 2020, we settled tender offers to purchase $1,200 in aggregate principal amount of certain senior unsecured debt, comprising $329 of 3.30% Senior Notes due 2021, $634 of 3.65% Senior Notes due 2023, and $237 of 3.80% Senior Notes due 2043. The consideration for the redemption and the tender offers was $1,765, including $65 of premium. We recognized a loss of $75 (including $65 of premium, fees and other costs paid with the tender offers and unamortized debt issuance costs), which was recorded in Interest expense in the Consolidated Statement of Earnings. In addition, we paid accrued and unpaid interest on the purchased notes through the dates of settlement.

In 2020, we also repaid our $499 Senior Term Loan due 2021.

On April 24, 2020, we issued senior notes in an aggregate principal amount of $1,000, consisting of $500 aggregate principal amount of notes bearing interest at a fixed rate of 2.375% per annum, due April 24, 2030, and $500 aggregate principal amount of notes bearing interest at a fixed rate of 3.125% per annum, due April 24, 2050. On May 1, 2020, we used $300 of the net proceeds to repay $300 of borrowings outstanding under our revolving credit facility. The 2.375% Senior Notes due 2030 and the 3.125% Senior Notes due 2050 may each be redeemed at the applicable redemption price, in whole or in part, at our option at any time and from time to time prior to January 24, 2030, and October 24, 2049, respectively. Interest on each of the notes is due semi-annually on April 24 and October 24, commencing on October 24, 2020. The notes contain customary covenants and events of default. If a change of control triggering event occurs, we will be required to offer to purchase the notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the purchase date.

Principal amounts of long-term debt mature as follows: $4 in 2022; $1,019 in 2023; $0 in 2024; $1,150 in 2025; and a total of $2,863 in periods thereafter.

As of July 28, 2019, we had long-term debt of $6 reflected in Noncurrent liabilities of discontinued operations.

## 15. Financial Instruments

The principal market risks to which we are exposed are changes in foreign currency exchange rates, interest rates, and commodity prices. In addition, we are exposed to equity price changes related to certain deferred compensation obligations. In order to manage these exposures, we follow established risk management policies and procedures, including the use of derivative contracts such as swaps, rate locks, options, forwards and commodity futures. We enter into these derivative contracts for periods consistent with the related underlying exposures, and the contracts do not constitute positions independent of those exposures. We do not enter into derivative contracts for speculative purposes and do not use leveraged instruments. Our derivative programs include instruments that qualify for hedge accounting treatment and instruments that are not designated as accounting hedges.

***Concentration of Credit Risk***

We are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate counterparty credit risk, we enter into contracts only with carefully selected, leading, credit-worthy financial institutions, and distribute contracts among several financial institutions to reduce the concentration of credit risk. We did not have credit-risk-related contingent features in our derivative instruments as of August 2, 2020, or July 28, 2019.

We are also exposed to credit risk from our customers. During 2020, our largest customer accounted for approximately 21% of consolidated net sales from continuing operations. Our five largest customers accounted for approximately 44% of our consolidated net sales from continuing operations in 2020.

We closely monitor credit risk associated with counterparties and customers.

***Foreign Currency Exchange Risk***

We are exposed to foreign currency exchange risk related to third-party transactions and intercompany transactions, including intercompany debt. Principal currencies hedged include the Canadian dollar and, prior to the sale of Arnott's and other international operations, the Australian dollar. We utilize foreign exchange forward purchase and sale contracts to hedge these exposures. The contracts are either designated as cash-flow hedging instruments or are undesignated. We hedge portions of our forecasted foreign currency transaction exposure with foreign exchange forward contracts for periods typically up to 18 months. To hedge currency exposures related to intercompany debt, we enter into foreign exchange forward purchase and sale contracts for periods consistent with the underlying debt. The notional amount of foreign exchange forward contracts accounted for as cash-flow hedges was $164 at August 2, 2020, and $146 at July 28, 2019, of which $80 at July 28, 2019, related to discontinued operations. The effective portion of the changes in fair value on these instruments is recorded in other comprehensive income (loss) and is reclassified into the Consolidated Statements of Earnings on the same line item and the same period in which the underlying hedged transaction affects earnings. The notional amount of foreign exchange forward contracts that are not designated as accounting hedges was $19 at August 2, 2020, and $177 at July 28, 2019, of which $3 at July 28, 2019, related to discontinued operations.

***Interest Rate Risk***

We manage our 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 our variable-to-total debt ratio within targeted guidelines. Receive fixed rate/pay variable rate interest rate swaps are accounted for as fair-value hedges. We manage our exposure to interest rate volatility on future debt issuances by entering into forward starting interest rate swaps or treasury rate lock contracts to lock in the rate on the interest payments related to the anticipated debt issuances. The contracts are either designated as cash-flow hedging instruments or are undesignated. The effective portion of the changes in fair value on designated instruments is recorded in other comprehensive income (loss) and reclassified into interest expense over the life of the debt. The change in fair value on undesignated instruments is recorded in interest expense. In conjunction with the debt redemption and tender offer, we entered into $900 of undesignated treasury rate lock agreements in the three-month period ended January 26, 2020, which resulted in a gain of $3. There were no forward starting interest rate swaps or treasury rate lock contracts outstanding as of August 2, 2020, or July 28, 2019.

***Commodity Price Risk***

We principally use 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. We also enter into commodity futures, options and swap contracts to reduce the volatility of price fluctuations of wheat, soybean oil, diesel fuel, natural gas, cocoa, aluminum, soybean meal and corn. Commodity futures, options, and swap contracts are either designated as cash-flow hedging instruments or are undesignated. We hedge a portion of commodity requirements for periods typically up to 18 months. There were no commodity contracts accounted for as cash-flow hedges as of August 2, 2020, or July 28, 2019. The notional amount of commodity contracts not designated as accounting hedges was $137 at August 2, 2020, and $183 at July 28, 2019, of which $3 at July 28, 2019, related to discontinued operations.

In 2017, we entered into a supply contract under which prices for certain raw materials are established based on anticipated volume requirements over a twelve-month period. Certain prices under the contract are based in part on certain component parts of the raw materials that are in excess of our needs or not required for our operations, thereby creating an embedded derivative requiring bifurcation. We net settle amounts due under the contract with our counterparty. The notional value was approximately $34 as of August 2, 2020, and $27 as of July 28, 2019.

Unrealized gains (losses) and settlements are included in Cost of products sold in the Consolidated Statements of Earnings.

### *Equity Price Risk*

We enter into swap contracts which hedge a portion of exposures relating to certain deferred compensation obligations linked to the total return of our capital stock, the total return of the Vanguard Institutional Index Institutional Plus Shares, and the total return of the Vanguard Total International Stock Index. Under these contracts, we pay variable interest rates and receive from the counterparty either: the total return on our capital stock; the total return of the Standard & Poor's 500 Index, which is expected to approximate the total return of the Vanguard Institutional Index Institutional Plus Shares; or the total return of the iShares MSCI EAFE Index, which is expected to approximate the total return of the Vanguard Total International Stock Index. These contracts were not designated as hedges for accounting purposes. Unrealized gains (losses) and settlements are included in Administrative expenses in the Consolidated Statements of Earnings. We enter into these contracts for periods typically not exceeding 12 months. The notional amounts of the contracts as of August 2, 2020, and July 28, 2019, were $22 and $31, respectively.

The following table summarizes the fair value of derivative instruments on a gross basis as recorded in the Consolidated Balance Sheets as of August 2, 2020, and July 28, 2019:

| | Balance Sheet Classification | 2020 | 2019 |
|---|---|---|---|
| **Asset Derivatives** | | | |
| Derivatives designated as hedges: | | | |
| Foreign exchange forward contracts | Other current assets | **$ 1** | $ — |
| Total derivatives designated as hedges | | **$ 1** | $ — |
| Derivatives not designated as hedges: | | | |
| Commodity derivative contracts | Other current assets | **$ 7** | $ 3 |
| Deferred compensation derivative contracts | Other current assets | **4** | 1 |
| Foreign exchange forward contracts | Other current assets | **—** | 1 |
| Total derivatives not designated as hedges | | **$ 11** | $ 5 |
| Total asset derivatives | | **$ 12** | $ 5 |

| | Balance Sheet Classification | 2020 | 2019 |
|---|---|---|---|
| **Liability Derivatives** | | | |
| Derivatives designated as hedges: | | | |
| Foreign exchange forward contracts | Accrued liabilities | **$ 2** | $ — |
| Foreign exchange forward contracts | Current liabilities of discontinued operations | **—** | 2 |
| Total derivatives designated as hedges | | **$ 2** | $ 2 |
| Derivatives not designated as hedges: | | | |
| Commodity derivative contracts | Accrued liabilities | **$ 9** | $ 6 |
| Foreign exchange forward contracts | Accrued liabilities | **—** | 2 |
| Total derivatives not designated as hedges | | **$ 9** | $ 8 |
| Total liability derivatives | | **$ 11** | $ 10 |

We do not offset the fair values of derivative assets and liabilities executed with the same counterparty that are generally subject to enforceable netting agreements. However, if we were to offset and record the asset and liability balances of derivatives on a net basis, the amounts presented in the Consolidated Balance Sheets as of August 2, 2020, and July 28, 2019, would be adjusted as detailed in the following table:

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| Derivative Instrument | Gross Amounts Presented in the Consolidated Balance Sheet | Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Netting Agreements | Net Amount | Gross Amounts Presented in the Consolidated Balance Sheet | Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Netting Agreements | Net Amount |
| Total asset derivatives | **$ 12** | **$ (4)** | **$ 8** | $ 5 | $ (2) | $ 3 |
| Total liability derivatives | **$ 11** | **$ (4)** | **$ 7** | $ 10 | $ (2) | $ 8 |



We are required to maintain cash margin accounts in connection with funding the settlement of open positions for exchange-traded commodity derivative instruments. At August 2, 2020, and July 28, 2019, a cash margin account balance of $8 and $7, respectively, was included in Other current assets in the Consolidated Balance Sheets.

The following tables show the effect of our derivative instruments designated as cash-flow hedges for the years ended August 2, 2020, July 28, 2019, and July 29, 2018 in other comprehensive income (loss) (OCI) and the Consolidated Statements of Earnings:

| Derivatives Designated as Cash-Flow Hedges | | Total Cash-Flow Hedge OCI Activity 2020 | 2019 | 2018 |
|---|---|---|---|---|
| OCI derivative gain (loss) at beginning of year | | **$ (11)** | $ (8) | $ (34) |
| Effective portion of changes in fair value recognized in OCI: | | | | |
| Foreign exchange forward contracts | | **3** | (3) | 8 |
| Forward starting interest rate swaps | | **—** | — | 15 |
| Amount of (gain) loss reclassified from OCI to earnings: | **Location in Earnings** | | | |
| Foreign exchange forward contracts | Cost of products sold | **(2)** | (4) | 5 |
| Foreign exchange forward contracts | Earnings (loss) from discontinued operations | **1** | 2 | (4) |
| Forward starting interest rate swaps | Interest expense | **1** | 2 | 2 |
| OCI derivative gain (loss) at end of year | | **$ (8)** | $ (11) | $ (8) |

Based on current valuations, the amount expected to be reclassified from OCI into earnings within the next 12 months is a loss of $2.

The following table shows the total amounts of line items presented in the Consolidated Statements of Earnings for the years ended August 2, 2020, July 28, 2019, and July 29, 2018 in which the effects of derivative instruments designated as cash-flow hedges are recorded and the total effect of hedge activity on these line items are as follows:

| | 2020 | | | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Cost of products sold | Interest expense | Earnings (loss) from discontinued operations | Cost of products sold | Interest expense | Earnings (loss) from discontinued operations | Cost of products sold | Interest expense | Earnings (loss) from discontinued operations |
| Consolidated Statements of Earnings: | **$ 5,692** | **$ 345** | **$ 1,036** | $ 5,414 | $ 356 | $ (263) | $ 4,241 | $ 183 | $ (463) |
| (Gain) loss on Cash Flow Hedges: | | | | | | | | | |
| Amount of (gain) loss reclassified from OCI to earnings | **$ (2)** | **$ 1** | **$ 1** | $ (4) | $ 2 | $ 2 | $ 5 | $ 2 | $ (4) |
| Amount excluded from effectiveness testing recognized in earnings using an amortization approach | **$ —** | **$ —** | **$ —** | $ — | $ — | $ — | $ — | $ — | $ — |

The following table shows the effects of our derivative instruments not designated as hedges in the Consolidated Statements of Earnings:

| Derivatives Not Designated as Hedges | Location of (Gain) Loss Recognized in Earnings | Amount of (Gain) Loss Recognized in Earnings on Derivatives 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Foreign exchange forward contracts | Cost of products sold | **$ (1)** | $ — | $ (1) |
| Foreign exchange forward contracts | Other expenses / (income) | **2** | — | (1) |
| Commodity derivative contracts | Cost of products sold | **12** | 6 | (2) |
| Commodity derivative contracts | Earnings (loss) from discontinued operations | **—** | (1) | — |
| Deferred compensation derivative contracts | Administrative expenses | **(2)** | (2) | (2) |
| Treasury rate lock contracts | Interest expense | **(3)** | — | (18) |
| Total | | **$ 8** | $ 3 | $ (24) |

## 16. Variable Interest Entity

In February 2016, we agreed to make a capital commitment subject to certain qualifications of up to $125 to Acre, a limited partnership formed to make venture capital investments in innovative new companies in food and food-related industries. Acre is managed by its general partner, Acre Ventures GP, LLC, which is independent of us. We were the sole limited partner of Acre and owned a 99.8% interest. Acre was a VIE. We entered into an agreement to sell our interest in Acre on April 26, 2020, and completed the sale on May 8, 2020, for $30 resulting in a loss of $45 recognized in the third quarter as a result of the pending sale. We consolidated Acre and accounted for the third party ownership as a noncontrolling interest. Through the date of the sale, we funded $86 of the capital commitment.

Acre elected the fair value option to account for qualifying investments to more appropriately reflect the value of the investments in the financial statements. The investments were $76 as of July 28, 2019, and are included in Other assets on the Consolidated Balance Sheet. Changes in the fair values of investments for which the fair value option was elected were included in Other expenses / (income) on the Consolidated Statements of Earnings. Current assets and liabilities of Acre were not material as of July 28, 2019.

## 17. Fair Value Measurements

We categorize financial assets and liabilities based on the following fair value hierarchy:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with observable market data.
- Level 3: Unobservable inputs, which are valued based on our estimates of assumptions that market participants would use in pricing the asset or liability.

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. When available, we use unadjusted quoted market prices to measure the fair value and classify such items as Level 1. If quoted market prices are not available, we base fair value upon internally developed models that use current market-based or independently sourced market parameters such as interest rates and currency rates. Included in the fair value of derivative instruments is an adjustment for credit and nonperformance risk.



***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

The following table presents our financial assets and liabilities that are measured at fair value on a recurring basis as of August 2, 2020, and July 28, 2019, consistent with the fair value hierarchy:

| | Fair Value as of August 2, 2020 | Fair Value Measurements at August 2, 2020 Using Fair Value Hierarchy | | | Fair Value as of July 28, 2019 | Fair Value Measurements at July 28, 2019 Using Fair Value Hierarchy | | |
|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Assets | | | | | | | | |
| Foreign exchange forward contracts(1) | **$ 1** | **$ —** | **$ 1** | **$ —** | $ 1 | $ — | $ 1 | $ — |
| Commodity derivative contracts(2) | **7** | **3** | **2** | **2** | 3 | 2 | 1 | — |
| Deferred compensation derivative contracts(3) | **4** | **—** | **4** | **—** | 1 | — | 1 | — |
| Deferred compensation investments(4) | **3** | **3** | **—** | **—** | 4 | 4 | — | — |
| Fair value option investments(5) | **—** | **—** | **—** | **—** | 76 | — | — | 76 |
| Total assets at fair value | **$ 15** | **$ 6** | **$ 7** | **$ 2** | $ 85 | $ 6 | $ 3 | $ 76 |

| | Fair Value as of August 2, 2020 | Fair Value Measurements at August 2, 2020 Using Fair Value Hierarchy | | | Fair Value as of July 28, 2019 | Fair Value Measurements at July 28, 2019 Using Fair Value Hierarchy | | |
|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Liabilities | | | | | | | | |
| Foreign exchange forward contracts(1) | **$ 2** | **$ —** | **$ 2** | **$ —** | $ 4 | $ — | $ 4 | $ — |
| Commodity derivative contracts(2) | **9** | **5** | **4** | **—** | 6 | 3 | 3 | — |
| Deferred compensation obligation(4) | **92** | **92** | **—** | **—** | 95 | 95 | — | — |
| Total liabilities at fair value | **$ 103** | **$ 97** | **$ 6** | **$ —** | $ 105 | $ 98 | $ 7 | $ — |

(1) Based on observable market transactions of spot currency rates and forward rates.

(2) Level 1 and 2 are based on quoted futures exchanges and on observable prices of futures and options transactions in the marketplace. Level 3 is based on unobservable inputs in which there is little or no market data, which requires management's own assumptions within an internally developed model.

(3) Based on LIBOR and equity index swap rates.

(4) Based on the fair value of the participants' investments.

(5) Primarily represented investments in equity securities that were not readily marketable and were accounted for under the fair value option. The investments were funded by Acre. Fair value was based on analyzing recent transactions and transactions of comparable companies, and the discounted cash flow method. In addition, allocation methods, including the option pricing method, were used in distributing fair value among various equity holders according to rights and preferences. We entered into an agreement to sell our interest in Acre on April 26, 2020, and completed the sale on May 8, 2020. See Note 16 for additional information.

The following table summarizes the changes in fair value of Level 3 investments for the years ended August 2, 2020, and July 28, 2019:

| | 2020 | 2019 |
|---|---|---|
| Fair value at beginning of year | **$ 76** | $ 77 |
| Gains (losses) | **(45)** | (1) |
| Purchases | **1** | — |
| Sales | **(29)** | — |
| Settlements | **(1)** | — |
| Fair value at end of year | **$ 2** | $ 76 |

***Items Measured at Fair Value on a Nonrecurring Basis***

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain items at fair value on a nonrecurring basis.

We recognized impairment charges on goodwill, trademarks, other intangible assets and plant assets in connection with interim and annual assessments in recent years. See also Notes 3 and 6 for additional information on the impairment charges.

Fair value was determined based on unobservable Level 3 inputs. The fair value of plant assets was determined based on cash flows associated with the asset group that include significant management assumptions, including expected proceeds. The fair values of trademarks was determined based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average costs of capital and assumed royalty rates. The fair value in testing goodwill was determined based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, operating margins, weighted average costs of capital, and future economic and market conditions.

The following table presents fair value measurements:

| | Impairment Charges | | | Fair Value | | |
|---|---|---|---|---|---|---|
| | Plant Assets | Amortizable Intangibles | Trademark | Plant Assets | Amortizable Intangibles | Trademark |
| **Discontinued Operations** | | | | | | |
| **January 27, 2019** | | | | | | |
| Bolthouse Farms carrot and carrot ingredients | $ 104 | $ 55 | $ 18 | $ 102 | $ 25 | $ 30 |
| Bolthouse Farms refrigerated beverages and salad dressings | $ 9 | $ 22 | $ 74 | $ 100 | $ 12 | $ 76 |
| Garden Fresh Gourmet | $ 2 | $ 39 | $ 23 | $ 25 | $ — | $ — |
| **October 28, 2018** | | | | | | |
| Refrigerated soup | $ 14 | | | $ 38 | | |

In the fourth quarter of 2019, we recorded an impairment charge of $16 on customer relationships intangible assets within the European chips business. The carrying value was not material.

In the fourth quarter of 2019, as part of our annual review of intangible assets, we recognized an impairment charge of $7 on a trademark and $10 on goodwill in discontinued operations on Kelsen due to a lower long-term outlook for sales and the pending sale of the business.

***Fair Value of Financial Instruments***

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value.

Cash equivalents were $157 at August 2, 2020. At July 28, 2019, discontinued operations included cash equivalents of $19. Cash equivalents represent fair value as these highly liquid investments have an original maturity of three months or less. Fair value of cash equivalents is based on Level 2 inputs.

The fair value of short- and long-term debt was $6,995 at August 2, 2020, and $8,642 at July 28, 2019. The carrying value was $6,196 at August 2, 2020, and $8,474 at July 28, 2019. The fair value and carrying value of short- and long-term debt of discontinued operations was $238 at July 28, 2019. The fair value of long-term debt is principally estimated using Level 2 inputs based on quoted market prices or pricing models using current market rates.



## 18. Shareholders' Equity

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

***Share Repurchase Programs***

In March 2017, the Board authorized a share repurchase program to purchase up to $1,500. The program has no expiration date, but it may be suspended or discontinued at any time. In addition to this publicly announced program, we have a separate Board authorization to purchase shares to offset the impact of dilution from shares issued under our stock compensation plans. We suspended our share repurchases as of the second quarter of 2018. Approximately $1,296 remained available under the March 2017 program as of August 2, 2020. In 2018, we repurchased 2 million shares at a cost of $86.

## 19. Stock-based Compensation

In 2003, shareholders approved the 2003 Long-Term Incentive Plan, which authorized the issuance of an aggregate of 31.2 million shares to satisfy awards of stock options, stock appreciation rights, unrestricted stock, restricted stock/units (including performance restricted stock) and performance units. In 2005, shareholders approved the 2005 Long-Term Incentive Plan, which authorized the issuance of an additional 6 million shares to satisfy the same types of awards. In 2008, shareholders approved an amendment to the 2005 Long-Term Incentive Plan to increase the number of authorized shares to 10.5 million and in 2010, shareholders approved another amendment to the 2005 Long-Term Incentive Plan to increase the number of authorized shares to 17.5 million. In 2015, shareholders approved the 2015 Long-Term Incentive Plan, which authorized the issuance of 13 million shares. Approximately 6 million of these shares were shares that were currently available under the 2005 plan and were incorporated into the 2015 Plan upon approval by shareholders.

Awards under Long-Term Incentive Plans may be granted to employees and directors. Pursuant to the Long-Term Incentive Plan, we adopted a long-term incentive compensation program which provides for grants of total shareholder return (TSR) performance restricted stock/units, EPS performance restricted stock/units, strategic performance restricted stock/units, time-lapse restricted stock/units, special performance restricted stock/units, free cash flow (FCF) performance restricted stock/units and unrestricted stock. Under the program, awards of TSR performance restricted stock/units will be earned by comparing our total shareholder return during a three-year period to the respective total shareholder returns of companies in a performance peer group. Based upon our ranking in the performance peer group, a recipient of TSR performance restricted stock/units may earn a total award ranging from 0% to 200% of the initial grant. Awards of EPS performance restricted stock/units will be earned based upon our achievement of annual earnings per share goals. During the three-year vesting period, a recipient of EPS performance restricted stock/units may earn a total award of either 0% or 100% of the initial grant. Awards of the strategic performance restricted stock units were earned based upon the achievement of two key metrics, net sales and EPS growth, compared to strategic plan objectives during a three-year period. A recipient of strategic performance restricted stock units earned a total award ranging from 0% to 200% of the initial grant. Awards of FCF performance restricted stock units will be earned based upon the achievement of free cash flow (defined as Net cash provided by operating activities less capital expenditures and certain investing and financing activities) compared to annual operating plan objectives over a three-year period. An annual objective will be established each fiscal year for three consecutive years. Performance against these objectives will be averaged at the end of the three-year period to determine the number of underlying units that will vest at the end of the three years. A recipient of FCF performance restricted stock units may earn a total award ranging from 0% to 200% of the initial grant. Awards of time-lapse restricted stock/units will vest ratably over the three-year period. In addition, we may issue special grants of restricted stock/units to attract and retain executives which vest over various periods. Awards are generally granted annually in October.

Annual stock option grants were granted in 2019 and 2018. Stock options are granted on a selective basis under the Long-Term Incentive Plans. The term of a stock option granted under these plans may not exceed ten years from the date of grant. Options granted in 2019 and 2018 under these plans vest ratably over a three-year period. In 2019, we also granted options under these plans that vest at the end of a three-year period. The option price may not be less than the fair market value of a share of common stock on the date of the grant.

In 2020, we issued time-lapse restricted stock units, unrestricted stock and TSR performance restricted stock units. We did not issue stock options, FCF performance restricted stock units, EPS performance restricted stock units, strategic performance restricted stock units or special performance restricted units in 2020.

In determining stock-based compensation expense, we estimate forfeitures expected to occur. Total pre-tax stock-based compensation expense and tax-related benefits recognized in Earnings from continuing operations were as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Total pre-tax stock-based compensation expense | **$ 59** | $ 50 | $ 55 |
| Tax-related benefits | **$ 11** | $ 8 | $ 9 |

Total pre-tax stock-based compensation expense and tax-related benefits recognized in Earnings (loss) from discontinued operations were as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Total pre-tax stock-based compensation expense | **$ 2** | $ 8 | $ 6 |
| Tax-related benefits | **$ —** | $ 2 | $ 2 |

The following table summarizes stock option activity as of August 2, 2020:

| | Options | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life | Aggregate Intrinsic Value |
|---|---|---|---|---|
| | (Options in thousands) | | (In years) | |
| Outstanding at July 28, 2019 | 2,059 | $ 46.17 | | |
| Granted | — | $ — | | |
| Exercised | (481) | $ 47.33 | | |
| Terminated | (155) | $ 49.46 | | |
| Outstanding at August 2, 2020 | 1,423 | $ 45.42 | 6.9 | $ 8 |
| Exercisable at August 2, 2020 | 833 | $ 50.23 | 6.1 | $ 1 |

The total intrinsic value of options exercised during 2020 was $2. No options were exercised during 2019 or 2018. We measure the fair value of stock options using the Black-Scholes option pricing model. The expected term of options granted was based on the weighted average time of vesting and the end of the contractual term. We utilized this simplified method as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term.

The weighted-average assumptions and grant-date fair values for grants in 2019 and 2018 were as follows:

| | 2019 | 2018 |
|---|---|---|
| Risk-free interest rate | 2.79% | 2.06% |
| Expected dividend yield | 3.84% | 2.95% |
| Expected volatility | 25.28% | 19.60% |
| Expected term | 6.1 years | 6.0 years |
| Grant-date fair value | $6.27 | $6.67 |

We expense stock options on a straight-line basis over the vesting period, except for awards issued to retirement eligible participants, which we expense on an accelerated basis. As of August 2, 2020, total remaining unearned compensation related to nonvested stock options was $1, which will be amortized over the weighted-average remaining service period of 1.4 years.

The following table summarizes time-lapse restricted stock units, EPS performance restricted stock units and FCF performance restricted stock units as of August 2, 2020:

| | Units | Weighted-Average Grant-Date Fair Value |
|---|---|---|
| | (Restricted stock units in thousands) | |
| Nonvested at July 28, 2019 | 1,960 | $ 40.57 |
| Granted | 1,157 | $ 46.82 |
| Vested | (871) | $ 42.80 |
| Forfeited | (380) | $ 41.64 |
| Nonvested at August 2, 2020 | 1,866 | $ 43.18 |



We determine the fair value of time-lapse restricted stock units, EPS performance restricted stock units, strategic performance restricted stock units, special performance restricted stock units and FCF performance restricted stock units based on the quoted price of our stock at the date of grant. We expense time-lapse restricted stock units on a straight-line basis over the vesting period, except for awards issued to retirement-eligible participants, which we expense on an accelerated basis. We expense EPS performance restricted stock units on a graded-vesting basis, except for awards issued to retirement-eligible participants, which we expense on an accelerated basis. There were 23 thousand EPS performance target grants outstanding at August 2, 2020, with a grant-date fair value of $46.82. We will expense FCF performance restricted stock units over the requisite service period of each objective. In 2019, we issued approximately 388 thousand FCF performance restricted stock units. As of August 2, 2020, we have granted 258 thousand of the issued FCF performance restricted stock units, which are included in the table above. There were 166 thousand FCF performance target grants outstanding at August 2, 2020, with a weighted-average grant date fair value of $42.16. The actual number of EPS performance restricted stock units, strategic performance restricted stock units, and FCF performance restricted stock units that vest will depend on actual performance achieved. We estimate expense based on the number of awards expected to vest.

As of August 2, 2020, total remaining unearned compensation related to nonvested time-lapse restricted stock units, EPS performance restricted stock units and FCF performance restricted units was $35, which will be amortized over the weighted-average remaining service period of 1.7 years. The fair value of restricted stock units vested during 2020, 2019 and 2018 was $41, $26 and $30, respectively. The weighted-average grant-date fair value of the restricted stock units granted during 2019 and 2018 was $36.51 and $44.18, respectively.

The following table summarizes TSR performance restricted stock units as of August 2, 2020:

| | Units | Weighted-Average Grant-Date Fair Value |
|---|---|---|
| | (Restricted stock units in thousands) | |
| Nonvested at July 28, 2019 | 1,308 | $ 37.33 |
| Granted | 619 | $ 63.06 |
| Vested | — | $ — |
| Forfeited | (673) | $ 41.43 |
| Nonvested at August 2, 2020 | 1,254 | $ 47.83 |

We estimated the fair value of TSR performance restricted stock units at the grant date using a Monte Carlo simulation. Weighted-average assumptions used in the Monte Carlo simulation were as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Risk-free interest rate | **1.48%** | 2.80% | 1.58% |
| Expected dividend yield | **2.95%** | 3.79% | 2.95% |
| Expected volatility | **27.01%** | 24.50% | 19.07% |
| Expected term | **3 years** | 3 years | 3 years |

We recognize compensation expense on a straight-line basis over the service period, except for awards issued to retirement eligible participants, which we expense on an accelerated basis. As of August 2, 2020, total remaining unearned compensation related to TSR performance restricted stock units was $22, which will be amortized over the weighted-average remaining service period of 1.8 years. In the first quarter of 2020, recipients of TSR performance restricted stock units earned 0% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 26, 2019. In the first quarter of 2019, recipients of TSR performance restricted stock units earned 0% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 27, 2018. In the first quarter of 2018, recipients of TSR performance restricted stock units earned 125% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 28, 2017. As a result, approximately 160 thousand additional shares were awarded. The fair value of TSR performance restricted stock units vested during 2018 was $38. The weighted-average grant-date fair value of the TSR performance restricted stock units granted during 2019 and 2018 was $31.29 and $39.39, respectively. In the first quarter of 2021, recipients of TSR performance restricted stock units will receive a 50% payout based upon our TSR ranking in a performance peer group during a three-year period ended July 31, 2020.

The excess tax benefits of $1 in 2020, and the excess tax deficiencies of $6 in 2019 and $3 in 2018, on the exercise of stock options and vested restricted stock were presented as cash flows from operating activities. Cash received from the exercise of stock options was $23 for 2020, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

## 20. Commitments and Contingencies

*Regulatory and Litigation Matters*

We are involved in various pending or threatened legal or regulatory proceedings, including purported class actions, arising from the conduct of business both in the ordinary course and otherwise. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with our actual experiences in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to us that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

Due to the unpredictable nature of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time is normally difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

On January 7, 2019, three purported shareholder class action lawsuits pending in the United States District Court for the District of New Jersey were consolidated under the caption, *In re Campbell Soup Company Securities Litigation*, Civ. No. 1:18-cv-14385-NLH-JS (the Action). Oklahoma Firefighters Pension and Retirement System was appointed lead plaintiff in the Action and, on March 1, 2019, filed an amended consolidated complaint. The company, Denise Morrison (the company's former President and Chief Executive Officer), and Anthony DiSilvestro (the company's former Senior Vice President and Chief Financial Officer) are defendants in the Action. The consolidated complaint alleges that, in public statements between July 19, 2017 and May 17, 2018, the defendants made materially false and misleading statements and/or omitted material information about the company's business, operations, customer relationships, and prospects, specifically with regard to the Campbell Fresh segment. The consolidated complaint seeks unspecified monetary damages and other relief. On April 30, 2019, the defendants filed a motion to dismiss the consolidated complaint. We are vigorously defending against the Action.

We establish liabilities for litigation and regulatory loss contingencies when information related to the loss contingencies shows both that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some matters could require us to pay damages or make other expenditures or establish accruals in amounts that could not be reasonably estimated as of August 2, 2020. While the potential future charges could be material in a particular quarter or annual period, based on information currently known by us, we do not believe any such charges are likely to have a material adverse effect on our consolidated results of operations or financial condition. In the third quarter of 2018, we recorded expense of $22 from a settlement of a claim.

*Other Contingencies*

We guarantee approximately 2,100 bank loans made to Pepperidge Farm independent contractor distributors by third-party financial institutions for the purchase of distribution routes. The maximum potential amount of the future payments under existing guarantees we could be required to make is $246. We guarantee approximately 2,500 bank loans made to Snyder's-Lance independent contractor distributors by third-party financial institutions for the purchase of distribution routes. The maximum potential amount of the future payments under existing guarantees we could be required to make is $199. Our guarantees are indirectly secured by the distribution routes. We do not expect that we will be required to make material guarantee payments as a result of defaults on the bank loans guaranteed. The amounts recognized as of August 2, 2020, and July 28, 2019, were not material.

We have provided certain standard indemnifications in connection with divestitures, contracts and other transactions. Certain indemnifications have finite expiration dates. Liabilities recognized based on known exposures related to such matters were not material at August 2, 2020, and July 28, 2019.



## 21. Supplemental Financial Statement Data

***Balance Sheets***

| | 2020 | 2019 |
|---|---|---|
| Accounts receivable | | |
| Customer accounts receivable | **$ 544** | $ 538 |
| Allowances | **(14)** | (13) |
| Subtotal | **$ 530** | $ 525 |
| Other | **45** | 49 |
| | **$ 575** | $ 574 |
| Inventories | | |
| Raw materials, containers and supplies | **$ 297** | $ 271 |
| Finished products | **574** | 592 |
| | **$ 871** | $ 863 |
| Plant assets | | |
| Land | **$ 75** | $ 83 |
| Buildings | **1,473** | 1,474 |
| Machinery and equipment | **3,463** | 3,473 |
| Projects in progress | **274** | 185 |
| Total cost | **$ 5,285** | $ 5,215 |
| Accumulated depreciation[1] | **(2,917)** | (2,760) |
| | **$ 2,368** | $ 2,455 |
| Other assets | | |
| Investments | **$ —** | $ 77 |
| Pensions | **10** | 21 |
| Operating lease right-of-use assets, net of amortization | **254** | — |
| Other | **19** | 29 |
| | **$ 283** | $ 127 |

| | 2020 | 2019 |
|---|---|---|
| Accrued liabilities | | |
| Accrued compensation and benefits | **$ 252** | $ 234 |
| Fair value of derivatives | **11** | 8 |
| Accrued trade and consumer promotion programs | **156** | 135 |
| Accrued interest | **79** | 97 |
| Restructuring | **12** | 29 |
| Operating lease liabilities | **67** | — |
| Other | **116** | 106 |
| | **$ 693** | $ 609 |

| | 2020 | 2019 |
|---|---|---|
| Other liabilities | | |
| Pension benefits | **$ 242** | $ 179 |
| Postretirement benefits | **220** | 210 |
| Operating lease liabilities | **184** | — |
| Deferred compensation | **80** | 79 |
| Unrecognized tax benefits | **17** | 19 |
| Restructuring | **3** | 8 |
| Other | **74** | 64 |
| | **$ 820** | $ 559 |

(1) Depreciation expense was $285 in 2020, $389 in 2019 and $360 in 2018. Depreciation expense of continuing operations was $285 in 2020, $315 in 2019 and $259 in 2018. Buildings are depreciated over periods ranging from 7 to 45 years. Machinery and equipment are depreciated over periods generally ranging from 2 to 20 years.

***Statements of Earnings***

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Other expenses / (income) | | | |
| Amortization of intangible assets | **$ 43** | $ 48 | $ 20 |
| Impairment of intangible assets[1] | **—** | 16 | 54 |
| Net periodic benefit expense (income) other than the service cost | **30** | 43 | (225) |
| Pension settlement charges | **43** | 28 | — |
| Investment losses[2] | **49** | 1 | 10 |
| Loss on sale of business[3] | **64** | — | — |
| Transition services fees | **(10)** | — | — |
| Transaction costs[4] | **—** | — | 53 |
| Legal settlements | **—** | — | 22 |
| Other | **2** | 4 | (7) |
| | **$ 221** | $ 140 | $ (73) |
| | | | |
| Advertising and consumer promotion expense[5] | **$ 463** | $ 347 | $ 327 |
| | | | |
| Interest expense | | | |
| Interest expense | **$ 350** | $ 359 | $ 186 |
| Less: Interest capitalized | **5** | 3 | 3 |
| | **$ 345** | $ 356 | $ 183 |



(1) See Note 6 for additional information.

(2) 2020 includes a loss of $45 related to Acre. See Note 16 for additional information.

(3) In 2020, we recognized a loss of $64 on the sale of the European chips business. See Note 3 for additional information.

(4) In 2018, we recognized transaction costs of $53 related to the acquisition of Snyder's-Lance. See Note 4 for additional information.

(5) Included in Marketing and selling expenses.

***Statements of Cash Flows***

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Other non-cash charges to net earnings | | | |
| Operating lease expense | **$ 75** | $ — | $ — |
| Amortization of debt issuance costs/debt discount | **9** | 14 | 4 |
| Benefit related expense | **12** | 6 | 8 |
| Other | **5** | 4 | 12 |
| | **$ 101** | $ 24 | $ 24 |
| | | | |
| Other | | | |
| Benefit related payments | **$ (53)** | $ (60) | $ (59) |
| Other | **(6)** | (4) | 5 |
| | **$ (59)** | $ (64) | $ (54) |
| | | | |
| Other Cash Flow Information | | | |
| Interest paid | **$ 287** | $ 367 | $ 152 |
| Interest received | **$ 4** | $ 3 | $ 4 |
| Income taxes paid | **$ 222** | $ 117 | $ 128 |
| | | | |
| Non-cash Activity | | | |
| Build-to-suit lease commitment | **$ —** | $ 20 | $ — |

## 22. Quarterly Data (unaudited)

| | 2020 | | | |
|---|---|---|---|---|
| | First | Second | Third | Fourth |
| Net sales | $ 2,183 | $ 2,162 | $ 2,238 | $ 2,108 |
| Gross profit | 738 | 742 | 772 | 747 |
| Earnings from continuing operations attributable to Campbell Soup Company | 169 | 171 | 166 | 86 |
| Earnings (loss) from discontinued operations | (3) | 1,037 | 2 | — |
| Net earnings attributable to Campbell Soup Company | 166 | 1,208 | 168 | 86 |
| Per share - basic | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | .56 | .57 | .55 | .28 |
| Earnings (loss) from discontinued operations | (.01) | 3.43 | .01 | — |
| Net earnings attributable to Campbell Soup Company | .55 | 4.00 | .56 | .28 |
| Dividends | .35 | .35 | .35 | .35 |
| Per share - assuming dilution | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | .56 | .56 | .55 | .28 |
| Earnings (loss) from discontinued operations | (.01) | 3.41 | .01 | — |
| Net earnings attributable to Campbell Soup Company[1] | .55 | 3.97 | .55 | .28 |

[1] The sum of individual per share amounts may not add due to rounding.

| | 2020 | | | |
|---|---|---|---|---|
| | First | Second | Third | Fourth |
| In 2020, the following charges (gains) were recorded in Earnings from continuing operations attributable to Campbell Soup Company: | | | | |
| Restructuring charges, implementation costs and other related costs | $ 8 | $ 19 | $ 11 | $ 14 |
| Charges (gains) associated with divestiture | 60 | (19) | — | — |
| Loss on extinguishment of debt | — | 57 | — | — |
| Pension settlement charge (gain) | — | (8) | 41 | — |
| Investment losses | — | — | 35 | — |
| Pension and postretirement benefit mark-to-market adjustments | — | — | — | 92 |
| Per share - assuming dilution | | | | |
| Restructuring charges, implementation costs and other related costs | .03 | .06 | .04 | .05 |
| Charges (gains) associated with divestiture | .20 | (.06) | — | — |
| Loss on extinguishment of debt | — | .19 | — | — |
| Pension settlement charge (gain) | — | (.03) | .13 | — |
| Investment losses | — | — | .12 | — |
| Pension and postretirement benefit mark-to-market adjustments | — | — | — | .30 |
| In 2020, the following charges (gains) were recorded in Earnings (loss) from discontinued operations: | | | | |
| Charges (gains) associated with divestitures | $ 27 | $ (1,025) | $ — | $ — |
| Per share - assuming dilution | | | | |
| Charges (gains) associated with divestitures | .09 | (3.37) | — | — |



| | 2019 | | | |
|---|---|---|---|---|
| | First | Second | Third | Fourth |
| Net sales | $ 2,202 | $ 2,172 | $ 1,953 | $ 1,780 |
| Gross profit | 726 | 706 | 655 | 606 |
| Earnings (loss) from continuing operations attributable to Campbell Soup Company | 180 | 176 | 123 | (5) |
| Earnings (loss) from discontinued operations | 14 | (235) | (39) | (3) |
| Net earnings (loss) attributable to Campbell Soup Company | 194 | (59) | 84 | (8) |
| Per share - basic | | | | |
| Earnings (loss) from continuing operations attributable to Campbell Soup Company | .60 | .58 | .41 | (.02) |
| Earnings (loss) from discontinued operations | .05 | (.78) | (.13) | (.01) |
| Net earnings (loss) attributable to Campbell Soup Company[1] | .64 | (.20) | .28 | (.03) |
| Dividends | .35 | .35 | .35 | .35 |
| Earnings per share - assuming dilution | | | | |
| From continuing operations attributable to Campbell Soup Company | .60 | .58 | .41 | (.02) |
| From discontinued operations | .05 | (.78) | (.13) | (.01) |
| Net attributable to Campbell Soup Company[1] | .64 | (.20) | .28 | (.03) |

[1] The sum of individual per share amounts may not add due to rounding.

| | 2019 | | | |
|---|---|---|---|---|
| | First | Second | Third | Fourth |
| In 2019, the following charges (gains) were recorded in Earnings (loss) from continuing operations attributable to Campbell Soup Company: | | | | |
| Restructuring charges, implementation costs and other related costs | $ 34 | $ 18 | $ 16 | $ 24 |
| Tax reform | — | 2 | — | — |
| Pension settlement charge | — | — | 22 | — |
| Pension and postretirement benefit mark-to-market adjustments | — | — | — | 93 |
| Impairment charges | — | — | — | 13 |
| Per share - assuming dilution | | | | |
| Restructuring charges, implementation costs and other related costs | .11 | .06 | .05 | .08 |
| Tax reform | — | .01 | — | — |
| Pension settlement charge | — | — | .07 | — |
| Impairment charges | — | — | — | .04 |
| Pension and postretirement benefit mark-to-market adjustments | — | — | — | .31 |
| In 2019, the following charges (gains) were recorded in Earnings (loss) from discontinued operations: | | | | |
| Restructuring charges, implementation costs and other related costs | $ 1 | $ — | $ (1) | $ — |
| Impairment charges | 11 | 264 | — | 12 |
| Charges associated with divestitures | — | 8 | 48 | 4 |
| Pension benefit mark-to-market adjustments | — | — | — | 9 |
| Per share - assuming dilution | | | | |
| Restructuring charges, implementation costs and other related costs | — | — | — | — |
| Impairment charges | .04 | .87 | — | .04 |
| Charges associated with divestitures | — | .03 | .16 | .01 |
| Pension benefit mark-to-market adjustments | — | — | — | .03 |

## Management's Report on Internal Control Over Financial Reporting

The management of Campbell Soup Company (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well defined, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of August 2, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (2013)*. Based on this assessment using those criteria, management concluded that the Company's internal control over financial reporting was effective as of August 2, 2020.

The effectiveness of the Company's internal control over financial reporting as of August 2, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears on the next page.

/s/ Mark A. Clouse
Mark A. Clouse
President and Chief Executive Officer

/s/ Mick J. Beekhuizen
Mick J. Beekhuizen
Executive Vice President and Chief Financial Officer

/s/ Stanley Polomski
Stanley Polomski
Vice President and Controller
(Principal Accounting Officer)

September 24, 2020



## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Campbell Soup Company

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Campbell Soup Company and its subsidiaries (the "Company") as of August 2, 2020 and July 28, 2019, and the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the three years in the period ended August 2, 2020, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended August 2, 2020 appearing on page 96 (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of August 2, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 2, 2020 and July 28, 2019, and the results of its operations and its cash flows for each of the three years in the period ended August 2, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 2, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

*Change in Accounting Principle*

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Critical Audit Matter***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Indefinite-lived Intangible Assets Impairment Test for Certain Trademarks*

As described in Notes 1 and 6 to the consolidated financial statements, the Company's indefinite-lived intangible assets (trademarks) were $2,611 million as of August 2, 2020. Of the carrying value of all indefinite-lived trademarks, $620 million related to the *Snyder's of Hanover* trademark, $292 million related to the *Pace* trademark, and $280 million related to the *Pacific Foods* trademark. Management conducts a test at least annually for impairment, or when circumstances indicate that the carrying amount of the asset may not be recoverable. Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Management determines fair value based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average costs of capital, and assumed royalty rates.

The principal considerations for our determination that performing procedures relating to the impairment test for certain trademarks is a critical audit matter are (i) the high degree of auditor judgment and subjectivity involved in performing procedures relating to the fair value estimates of trademarks due to the significant amount of judgment by management when developing these estimates, (ii) significant audit effort was necessary to perform procedures and evaluate evidence relating to management's discounted cash flow analyses that include significant management assumptions related to revenue growth rates, weighted average costs of capital, and assumed royalty rates, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's trademark impairment tests. These procedures also included, among others, testing management's process for developing the fair value estimates; evaluating the appropriateness of the discounted cash flow analyses; testing the completeness, accuracy, and relevance of underlying data used in the analyses; and evaluating the significant assumptions used by management, related to revenue growth rates, weighted average costs of capital, and assumed royalty rates related to the *Snyder's of Hanover*, *Pace* and *Pacific Foods* trademarks. Evaluating management's assumptions related to revenue growth rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance associated with the trademarks, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and evaluating the reasonableness of the weighted average costs of capital and royalty rates assumptions.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

September 24, 2020

We have served as the Company's auditor since 1954.



**Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A. *Controls and Procedures***

We, under the supervision and with the participation of our management, including the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of August 2, 2020 (the Evaluation Date). Based on such evaluation, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective.

The annual report of management on our internal control over financial reporting is provided under "Financial Statements and Supplementary Data" on page 86. The attestation report of PricewaterhouseCoopers LLP, our independent registered public accounting firm, regarding our internal control over financial reporting is provided under "Financial Statements and Supplementary Data" on pages 87-88.

There were no changes in our internal control over financial reporting that materially affected, or were likely to materially affect, such internal control over financial reporting during the quarter ended August 2, 2020.

**Item 9B. *Other Information***

None.

## PART III

**Item 10. *Directors, Executive Officers and Corporate Governance***

The sections entitled "Item 1 — Election of Directors", "Voting Securities and Principal Shareholders — Ownership of Directors and Executive Officers" and "Voting Securities and Principal Shareholders — Delinquent Section 16(a) Reports" in our Proxy Statement for the 2020 Annual Meeting of Shareholders (the 2020 Proxy) are incorporated herein by reference. The information presented in the section entitled "Corporate Governance Policies and Practices — Board Meetings and Committees — Board Committee Structure" in the 2020 Proxy relating to the members of our Audit Committee and the Audit Committee's financial experts is incorporated herein by reference.

Certain of the information required by this Item relating to our executive officers is set forth under the heading "Information about our Executive Officers" in this Report.

We have adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers that applies to our Chief Executive Officer, Chief Financial Officer, Controller and members of the Chief Financial Officer's financial leadership team. The Code of Ethics for the Chief Executive Officer and Senior Financial Officers is posted on our website, www.campbellsoupcompany.com (under the "Investor Center — Corporate Governance" caption). We intend to satisfy the disclosure requirement regarding any amendment to, or a waiver of, a provision of the Code of Ethics for the Chief Executive Officer and Senior Financial Officers by posting such information on our website.

We have also adopted a separate Code of Business Conduct and Ethics applicable to the Board of Directors, our officers and all of our employees. The Code of Business Conduct and Ethics is posted on our website, www.campbellsoupcompany.com (under the "Investor Center — Corporate Governance" caption). Our Corporate Governance Standards and the charters of our four standing committees of the Board of Directors can also be found at this website. Printed copies of the foregoing are available to any shareholder requesting a copy by:

- writing to Investor Relations, Campbell Soup Company, 1 Campbell Place, Camden, NJ 08103-1799;
- calling 1-800-840-2865; or
- e-mailing our Investor Relations Department at investorrelations@campbellsoup.com.

**Item 11. *Executive Compensation***

The information presented in the sections entitled "Compensation Discussion and Analysis," "Executive Compensation Tables," "Corporate Governance Policies and Practices — Compensation of Directors," "Corporate Governance Policies and Practices — Board Meetings and Committees — Board Committee Structure — Compensation and Organization Committee Interlocks and Insider Participation" and "Compensation Discussion and Analysis — Compensation and Organization Committee Report" in the 2020 Proxy is incorporated herein by reference.

**Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters***

The information presented in the sections entitled "Voting Securities and Principal Shareholders — Ownership of Directors and Executive Officers" and "Voting Securities and Principal Shareholders — Principal Shareholders" in the 2020 Proxy is incorporated herein by reference.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following table provides information about the stock that could have been issued under our equity compensation plans as of August 2, 2020:

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) | Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column) (c) |
|---|---|---|---|
| Equity Compensation Plans Approved by Security Holders [1] | 6,129,384 | $ 45.42 | 5,030,405 |
| Equity Compensation Plans Not Approved by Security Holders | N/A | N/A | N/A |
| Total | 6,129,384 | $ 45.42 | 5,030,405 |

[1] Column (a) represents stock options and restricted stock units outstanding under the 2015 Long-Term Incentive Plan and the 2005 Long-Term Incentive Plan. Column (a) includes 3,006,360 TSR performance restricted stock units and Free Cash Flow performance restricted stock units based on the maximum number of shares potentially issuable under the awards, and the number of shares, if any, to be issued pursuant to such awards will be determined based upon performance during the applicable three-year performance period. No additional awards can be made under the 2005 Long-Term Incentive Plan. Future equity awards under the 2015 Long-Term Incentive Plan may take the form of stock options, stock appreciation rights, performance unit awards, restricted stock, restricted performance stock, restricted stock units, or stock awards. Column (b) represents the weighted-average exercise price of the outstanding stock options only; the outstanding restricted stock units are not included in this calculation. Column (c) represents the maximum number of future equity awards that can be made under the 2015 Long-Term Incentive Plan as of August 2, 2020.

**Item 13.** ***Certain Relationships and Related Transactions, and Director Independence***

The information presented in the section entitled "Corporate Governance Policies and Practices — Transactions with Related Persons," "Item 1 — Election of Directors," "Corporate Governance Policies and Practices — Director Independence" and "Corporate Governance Policies and Practices — Board Meetings and Committees — Board Committee Structure" in the 2020 Proxy is incorporated herein by reference.

**Item 14.** ***Principal Accounting Fees and Services***

The information presented in the sections entitled "Item 2 — Ratification of Appointment of Independent Registered Public Accounting Firm — Audit Firm Fees and Services" and "Item 2 — Ratification of Appointment of Independent Registered Public Accounting Firm — Audit Committee Pre-Approval Policy" in the 2020 Proxy is incorporated herein by reference.

## PART IV

**Item 15.** ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this Report:

***1. Financial Statements***

Consolidated Statements of Earnings for 2020, 2019 and 2018

Consolidated Statements of Comprehensive Income for 2020, 2019 and 2018

Consolidated Balance Sheets as of August 2, 2020 and July 28, 2019

Consolidated Statements of Cash Flows for 2020, 2019 and 2018

Consolidated Statements of Equity for 2020, 2019 and 2018

Notes to Consolidated Financial Statements

Management's Report on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm

***2. Financial Statement Schedule***

II - Valuation and Qualifying Accounts for 2020, 2019 and 2018

***3. Exhibits***

Reference is made to Item 15(b) below.



(b) *Exhibits*. The Exhibit Index, which immediately precedes the signature page, is incorporated by reference into this Report.

(c) *Financial Statement Schedules*. Reference is made to Item 15(a)(2) above.

**Item 16.** ***Form 10-K Summary***

None.

INDEX TO EXHIBITS

| | |
|---|---|
| 2 | Stock and Asset Purchase Agreement, dated August 1, 2019, by and among Campbell Soup Company and Snacking Investments BidCo Pty Limited, is incorporated by reference to Exhibit 2.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on August 7, 2019. |
| 3(a) | Campbell's Restated Certificate of Incorporation, as amended through February 24, 1997, is incorporated by reference to Exhibit 3(i) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 28, 2002. |
| 3(b) | By-Laws of Campbell Soup Company, amended and restated effective June 24, 2020, are incorporated by reference to Exhibit 3 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on June 25, 2020. |
| 4(a) | Indenture, dated November 24, 2008, between Campbell and The Bank of New York Mellon, as Trustee, is incorporated by reference to Exhibit 4(a) to Campbell's Registration Statement on Form S-3 (SEC file number 333-155626) filed with the SEC on November 24, 2008. |
| 4(b) | Form of First Supplemental Indenture, dated August 2, 2012, among Campbell, The Bank of New York Mellon and Wells Fargo Bank, National Association, as Series Trustee, to Indenture dated November 24, 2008, is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on August 2, 2012. |
| 4(c) | Form of Subordinated Indenture between Campbell and Wells Fargo Bank, National Association, as Trustee, is incorporated by reference to Exhibit 4.2 to Campbell's Registration Statement on Form S-3 (SEC file number 333-219217) filed with the SEC on July 10, 2017. |
| 4(d) | Indenture dated as of March 19, 2015, between Campbell and Wells Fargo Bank, National Association, as trustee, is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 19, 2015. |
| 4(e) | Form of 2.500% Notes due 2022 is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on August 2, 2012. |
| 4(f) | Form of 3.800% Notes due 2042 is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on August 2, 2012. |
| 4(g) | Form of 3.300% Note due 2025 is incorporated by referenced to Exhibit 4.2 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 19, 2015. |
| 4(h) | Form of Floating Rate Note due 2021 is incorporated by reference to Exhibit 4.2.2 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018. |
| 4(i) | Form of 3.300% Note due 2021 is incorporated by reference to Exhibit 4.2.3 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018. |
| 4(j) | Form of 3.650% Note due 2023 is incorporated by reference to Exhibit 4.2.4 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018. |
| 4(k) | Form of 3.950% Note due 2025 is incorporated by reference to Exhibit 4.2.5 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018. |
| 4(l) | Form of 4.150% Note due 2028 is incorporated by reference to Exhibit 4.2.6 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018. |
| 4(m) | Form of 4.800% Note due 2048 is incorporated by reference to Exhibit 4.2.7 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018. |
| 4(n) | Form of 2.375% Note due 2030 incorporated by reference to Exhibit 4.2.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on April 24, 2020. |
| 4(o) | Form of 3.125% Note due 2050 incorporated by reference to Exhibit 4.2.2 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on April 24, 2020. |
| 4(p) | Description of securities incorporated by reference to Exhibit 4(p) to Campbell's Form 10-K (SEC file number 1-3822) filed with the SEC on September 26, 2019. |
| 10(a)+ | Campbell Soup Company 2005 Long-Term Incentive Plan, as amended and restated on November 18, 2010, is incorporated by reference to Campbell's 2010 Proxy Statement (SEC file number 1-3822) filed with the SEC on October 7, 2010. |



| | |
|---|---|
| 10(b)+ | Campbell Soup Company 2015 Long-Term Incentive Plan is incorporated by reference to Campbell's 2015 Proxy Statement (SEC file number 1-3822) filed with the SEC on October 9, 2015. |
| 10(c)+ | Campbell Soup Company Annual Incentive Plan, as amended on November 19, 2014, is incorporated by reference to Campbell's 2014 Proxy Statement (SEC file number 1-3822) filed with the SEC on October 1, 2014. |
| 10(d)+ | Campbell Soup Company Mid-Career Hire Pension Plan, as amended and restated effective as of January 1, 2009, is incorporated by reference to Exhibit 10(a) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended February 1, 2009. |
| 10(e)+ | First Amendment to the Campbell Soup Company Mid-Career Hire Pension Plan, effective as of December 31, 2010, is incorporated by reference to Exhibit 10(a) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 30, 2011. |
| 10(f)+ | Deferred Compensation Plan, effective November 18, 1999, is incorporated herein by reference to Exhibit 10(e) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 30, 2000. |
| 10(g)+ | Campbell Soup Company Supplemental Retirement Plan (formerly known as Deferred Compensation Plan II), as amended and restated effective as of August 1, 2015, is incorporated herein by reference to Exhibit 4(c) to Campbell's Form S-8 (SEC file number 333-216582) filed with the SEC on March 9, 2017. |
| 10(h)+ | Form of Severance Protection Agreement is incorporated by reference to Exhibit 10(i) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 30, 2017. |
| 10(i)+ | Form of Amendment to the Severance Protection Agreement is incorporated by reference to Exhibit 10(j) to Campbell's Form 10-K (SEC file number) for the fiscal year ended July 30, 2017. |
| 10(j)+ | Form of U.S. Severance Protection Agreement is incorporated by reference to Exhibit 10(m) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2011. |
| 10(k)+ | Form of Amendment to U.S. Severance Protection Agreement is incorporated by reference to Exhibit 10(o) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2016. |
| 10(l)+ | Campbell Soup Company Supplemental Employees' Retirement Plan, as amended and restated effective January 1, 2009, is incorporated by reference to Exhibit 10(c) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended February 1, 2009. |
| 10(m)+ | First Amendment to the Campbell Soup Company Supplemental Employees' Retirement Plan, effective as of December 31, 2010, is incorporated by reference to Exhibit 10(c) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 30, 2011. |
| 10(n)+ | Form of 2005 Long-Term Incentive Plan Nonqualified Stock Option Agreement is incorporated by reference to Exhibit 10 to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended November 1, 2015. |
| 10(o)+ | Form of 2015 Long-Term Incentive Plan Nonqualified Stock Option Agreement is incorporated by reference to Exhibit 10(dd) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2016. |
| 10(p)+ | Form of 2015 Long-Term Incentive Plan Performance Stock Unit Agreement (Earnings Per Share) is incorporated by reference to Exhibit 10(b) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended October 30, 2016. |
| 10(q)+ | Form of 2015 Long-Term Incentive Plan Performance Stock Unit Agreement (Total Shareholder Return) is incorporated by reference to Exhibit 10(ff) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2016. |
| 10(r)+ | Form of 2015 Long-Term Incentive Plan Time-Lapse Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10(c) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended October 30, 2016. |
| 10(s)+ | Campbell Soup Company Fiscal 2018 Long-Term Incentive Program Brochure is incorporated by reference to Exhibit 10(a) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended October 29, 2017. |
| 10(t)+ | Severance Agreement and General Release executed April 30, 2018 by and between Mark R. Alexander and Campbell Soup Company is incorporated by reference to Exhibit 10(b) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended April 29, 2018. |
| 10(u)+ | Retirement Agreement and General Release executed May 18, 2018 by and between Denise M. Morrison and Campbell Soup Company is incorporated by reference to Exhibit 10(z) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 29, 2018. |

| | |
|---|---|
| 10(v)+ | Amendment to Retirement Agreement and General Release executed May 30, 2018 by and between Denise M. Morrison and Campbell Soup Company is incorporated by reference to Exhibit 10(aa) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 29, 2018. |
| 10(w)+ | Severance Agreement and General Release executed November 25, 2019 by and between Anthony DiSilvestro and Campbell Soup Company is incorporated by reference to Exhibit 10.2 to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 26, 2020. |
| 10(x) | Five-Year Credit Agreement, dated December 9, 2016, by and among Campbell Soup Company, the eligible subsidiaries referred to therein, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders named therein, is incorporated by reference to Exhibit 10 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on December 12, 2016. |
| 10(y) | Support Agreement, dated November 26, 2018, by and among Campbell Soup Company and Third Point LLC, Third Point Partners Qualified L.P., Third Point Partners L.P., Third Point Offshore Master Fund L.P., Third Point Ultra Master Fund L.P., Third Point Enhanced L.P., Third Point Advisors LLC, Third Point Advisors II LLC and the Revocable Trust of Goerge Strawbridge, Jr., dated January 21, 1991 is incorporated by reference to Exhibit 10.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on November 26, 2018. |
| 10(z)+ | 2020 Non-Employee Director Fees are incorporated by reference to Exhibit 10.1 to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 26, 2020. |
| 10(aa)+ | First Amendment to the Campbell Soup Company Supplemental Retirement Plan effective November 30, 2018 is incorporated by reference to Exhibit 10(b) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 27, 2019. |
| 10(bb)+ | Second Amendment to the Campbell Soup Company Supplemental Retirement Plan effective September 16, 2020. |
| 10(cc)+ | Campbell Soup Company Executive Severance Pay Plan is incorporated by reference to Exhibit 10 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on April 2, 2019. |
| 21 | Subsidiary List. |
| 23 | Consent of Independent Registered Public Accounting Firm. |
| 24 | Powers of Attorney. |
| 31(a) | Certification of Mark A. Clouse pursuant to Rule 13a-14(a). |
| 31(b) | Certification of Mick J. Beekhuizen pursuant to Rule 13a-14(a). |
| 32(a) | Certification of Mark A. Clouse pursuant to 18 U.S.C. Section 1350. |
| 32(b) | Certification of Mick J. Beekhuizen pursuant to 18 U.S.C. Section 1350. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Schema Document |
| 101.CAL | XBRL Calculation Linkbase Document |
| 101.DEF | XBRL Definition Linkbase Document |
| 101.LAB | XBRL Label Linkbase Document |
| 101.PRE | XBRL Presentation Linkbase Document |
| 104 | The cover page from this Annual Report on Form 10-K, formulated in Inline XBRL (see exhibit 101) |

+This exhibit is a management contract or compensatory plan or arrangement.



## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, Campbell has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

September 24, 2020

**CAMPBELL SOUP COMPANY**

By: /s/Mick J. Beekhuizen
Mick J. Beekhuizen
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of Campbell and in the capacities indicated on September 24, 2020.

| Signatures | |
|---|---|
| /s/ Mark A. Clouse<br>Mark A. Clouse<br>President and Chief Executive Officer and Director<br>(Principal Executive Officer) | *<br>Maria Teresa Hilado<br>Director |
| /s/ Mick J. Beekhuizen<br>Mick J. Beekhuizen<br>Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) | *<br>Sarah Hofstetter<br>Director |
| /s/ Stanley Polomski<br>Stanley Polomski<br>Vice President and Controller<br>(Principal Accounting Officer) | *<br>Marc B. Lautenbach<br>Director |
| *<br>Keith R. McLoughlin<br>Chair and Director | *<br>Mary Alice D. Malone<br>Director |
| *<br>Fabiola R. Arredondo<br>Director | *<br>Kurt T. Schmidt<br>Director |
| *<br>Howard M. Averill<br>Director | *<br>Archbold D. van Beuren<br>Director |
| *<br>John P. Bilbrey<br>Director | * By: /s/ Charles A. Brawley, III<br>Name: Charles A. Brawley, III<br>Title: Vice President, Deputy General Counsel and Corporate Secretary, as Attorney-in-fact (pursuant to powers of attorney) |
| *<br>Bennett Dorrance<br>Director | |

**CAMPBELL SOUP COMPANY**
**Valuation and Qualifying Accounts**

**For the Fiscal Years ended August 2, 2020, July 28, 2019, and July 29, 2018**
**(Millions)**

This schedule of valuation and qualifying accounts for continuing operations should be read in conjunction with the Consolidated Financial Statements. This schedule excludes amounts related to discontinued operations. See Note 3 to the Consolidated Financial Statements for additional information.

| | Balance at Beginning of Period | Charged to/ (Reduction in) Costs and Expenses | Deductions | Acquisition/ (Divestiture) | Balance at End of Period |
|---|---|---|---|---|---|
| Fiscal year ended August 2, 2020 | | | | | |
| Cash discount | $ 6 | **$ 139** | **$ (139)** | **$ —** | **$ 6** |
| Bad debt reserve | 3 | **2** | **—** | **(1)** | **4** |
| Returns reserve[(1)] | 4 | **1** | **(1)** | **—** | **4** |
| Total Accounts receivable allowances | $ 13 | **$ 142** | **$ (140)** | **$ (1)** | **$ 14** |
| Fiscal year ended July 28, 2019 | | | | | |
| Cash discount | $ 6 | $ 132 | $ (132) | $ — | $ 6 |
| Bad debt reserve | 3 | 1 | (1) | — | 3 |
| Returns reserve[(1)] | 9 | (2) | (3) | — | 4 |
| Total Accounts receivable allowances | $ 18 | $ 131 | $ (136) | $ — | $ 13 |
| Fiscal year ended July 29, 2018 | | | | | |
| Cash discount | $ 4 | $ 114 | $ (114) | $ 2 | $ 6 |
| Bad debt reserve | 1 | 1 | (1) | 2 | 3 |
| Returns reserve[(1)] | 3 | 4 | — | 2 | 9 |
| Total Accounts receivable allowances | $ 8 | $ 119 | $ (115) | $ 6 | $ 18 |

(1) The returns reserve is evaluated quarterly and adjusted accordingly. During each period, returns are charged to net sales in the Consolidated Statements of Earnings as incurred. Actual returns were approximately $99 in 2020, $107 in 2019, and $104 in 2018, or less than 2% of net sales.





**CERTIFICATION PURSUANT**
**TO RULE 13a-14(a)**

I, Mark A. Clouse, certify that:

1. I have reviewed this Annual Report on Form 10-K of Campbell Soup Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 24, 2020

By: /s/ Mark A. Clouse
Name: Mark A. Clouse
Title: President and Chief Executive Officer

**EXHIBIT 31(b)**

**CERTIFICATION PURSUANT TO RULE 13a-14(a)**

I, Mick J. Beekhuizen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Campbell Soup Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 24, 2020

By: /s/ Mick J. Beekhuizen
Name: Mick J. Beekhuizen
Title: Executive Vice President and Chief Financial Officer

**EXHIBIT 32(a)**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Annual Report of Campbell Soup Company (the "Company") on Form 10-K for the fiscal year ended August 2, 2020 (the "Report"), I, Mark A. Clouse, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 24, 2020

By: /s/ Mark A. Clouse
Name: Mark A. Clouse
Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required under Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32(b)**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**

In connection with the Annual Report of Campbell Soup Company (the "Company") on Form 10-K for the fiscal year ended August 2, 2020 (the "Report"), I, Mick J. Beekhuizen, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 24, 2020

By: /s/ Mick J. Beekhuizen
Name: Mick J. Beekhuizen
Title: Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required under Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

# Shareholder Information

**World Headquarters**
Campbell Soup Company
1 Campbell Place, Camden, NJ 08103-1799
(856) 342-4800 • (856) 342-3878 (Fax)

**Stock Exchange Listing**
New York Stock Exchange Ticker Symbol: CPB

**Transfer Agent and Registrar**
Computershare Trust Company, N.A.
P.O. Box 505000
Louisville, KY 40233-5000
1-800-780-3203

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

**Dividends**
We have paid dividends since the company became public in 1954. Dividends are normally paid quarterly, near the end of January, April, July and October.

A dividend reinvestment plan is available to shareholders. For information about dividends or the dividend reinvestment plan, write to Dividend Reinvestment Plan Agent, Campbell Soup Company, P.O. Box 505000, Louisville, KY 40233-5000.
Or call: (781) 575-2723 or 1-800-780-3203.

**Publications**
For copies of the Annual Report or the SEC Form 10-K or other financial information, visit investor.campbellsoupcompany.com.

For copies of Campbell's Corporate Responsibility Report, write to Roma McCaig, Vice President – Corporate Responsibility and Sustainability at csr_feedback@campbellsoup.com.

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

Investors and financial analysts may contact Rebecca Gardy, Vice President, Investor Relations, at the World Headquarters address or call (856) 342-6081.

Media and public relations inquiries should be directed to Thomas Hushen, Director of External Communications, at the World Headquarters address or call (856) 342-5227.

Communications concerning share transfer, lost certificates, dividends and change of address, should be directed to Computershare Trust Company, N.A., 1-800-780-3203.

**Shareholder Information Service**
For the latest quarterly business results, or other information requests such as dividend dates, shareholder programs or product news, visit investor.campbellsoupcompany.com.

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

**Forward-Looking Statements**
Statements in this report that are not historical facts are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. See "Cautionary Factors That May Affect Future Results" in Item 7 and "Risk Factors" in Item 1A of our SEC Form 10-K.



**Responsibility.** To connect to our Corporate Responsibility Report, go to: campbellcsr.com.

**On the Web.** Visit us at: campbellsoupcompany.com for company news and information.

**Careers.** To explore career opportunities, visit us at: careers.campbellsoupcompany.com.

**Twitter + Instagram.** Follow us: @CampbellSoupCo for tweets and stories about our company, programs and brands.

**LinkedIn.** Follow us at: Linkedin.com/company/campbell-soup-company for stories about our company and brands.

# Real Food Comes From Real Heroes.

To our employees, partners and their families,

**Thank You.**

For answering the call.
For going above and beyond.
For making sure there's food on the shelves.
You have America's back.
And we have yours.

#CampbellProud #TogetherWeCan

Campbell's

1 Campbell Place, Camden, NJ 08103-1799 / investor.campbellsoupcompany.com