# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**
# Form 10-Q

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

| | |
|---|---|
| **For The Quarterly Period Ended** | **Commission File Number** |
| **May 2, 2021** | **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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

There were 303,051,488 shares of capital stock outstanding as of June 2, 2021.

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## PART I - FINANCIAL INFORMATION

### Item 1. *Financial Statements*

**CAMPBELL SOUP COMPANY**
**Consolidated Statements of Earnings**
**(unaudited)**
**(millions, except per share amounts)**

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | May 2, 2021 | April 26, 2020 | May 2, 2021 | April 26, 2020 |
| **Net sales** | **$ 1,984** | $ 2,238 | **$ 6,603** | $ 6,583 |
| Costs and expenses | | | | |
| Cost of products sold | **1,356** | 1,466 | **4,379** | 4,331 |
| Marketing and selling expenses | **202** | 239 | **642** | 682 |
| Administrative expenses | **153** | 154 | **452** | 436 |
| Research and development expenses | **22** | 25 | **61** | 69 |
| Other expenses / (income) | **(23)** | 81 | **(86)** | 115 |
| Restructuring charges | **2** | — | **21** | 10 |
| Total costs and expenses | **1,712** | 1,965 | **5,469** | 5,643 |
| **Earnings before interest and taxes** | **272** | 273 | **1,134** | 940 |
| Interest expense | **53** | 55 | **163** | 284 |
| Interest income | **—** | — | **1** | 3 |
| Earnings before taxes | **219** | 218 | **972** | 659 |
| Taxes on earnings | **53** | 52 | **252** | 153 |
| Earnings from continuing operations | **166** | 166 | **720** | 506 |
| Earnings (loss) from discontinued operations | **(6)** | 2 | **(6)** | 1,036 |
| **Net earnings** | **160** | 168 | **714** | 1,542 |
| Less: Net earnings (loss) attributable to noncontrolling interests | **—** | — | **—** | — |
| **Net earnings attributable to Campbell Soup Company** | **$ 160** | $ 168 | **$ 714** | $ 1,542 |
| **Per Share — Basic** | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | **$ .55** | $ .55 | **$ 2.38** | $ 1.68 |
| Earnings (loss) from discontinued operations | **(.02)** | .01 | **(.02)** | 3.43 |
| **Net earnings attributable to Campbell Soup Company** | **$ .53** | $ .56 | **$ 2.36** | $ 5.11 |
| Weighted average shares outstanding — basic | **303** | 302 | **303** | 302 |
| **Per Share — Assuming Dilution** | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | **$ .54** | $ .55 | **$ 2.36** | $ 1.66 |
| Earnings (loss) from discontinued operations | **(.02)** | .01 | **(.02)** | 3.41 |
| **Net earnings attributable to Campbell Soup Company**[(1)] | **$ .52** | $ .55 | **$ 2.34** | $ 5.07 |
| Weighted average shares outstanding — assuming dilution | **305** | 304 | **305** | 304 |

[(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**
**(unaudited)**
**(millions)**

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | May 2, 2021 | | | April 26, 2020 | | |
| | Pre-tax amount | Tax (expense) benefit | After-tax amount | Pre-tax amount | Tax (expense) benefit | After-tax amount |
| **Net earnings (loss)** | | | **$ 160** | | | $ 168 |
| **Other comprehensive income (loss):** | | | | | | |
| **Foreign currency translation:** | | | | | | |
| Foreign currency translation adjustments | **$ 7** | **$ —** | **7** | $ (13) | $ — | (13) |
| **Cash-flow hedges:** | | | | | | |
| Unrealized gains (losses) arising during the period | **(2)** | **—** | **(2)** | 8 | (2) | 6 |
| Reclassification adjustment for (gains) losses included in net earnings | **2** | **—** | **2** | 1 | — | 1 |
| **Pension and other postretirement benefits:** | | | | | | |
| Reclassification of prior service credit included in net earnings | **(2)** | **1** | **(1)** | (7) | 2 | (5) |
| **Other comprehensive income (loss)** | **$ 5** | **$ 1** | **6** | $ (11) | $ — | (11) |
| **Total comprehensive income (loss)** | | | **$ 166** | | | $ 157 |
| Total comprehensive income (loss) attributable to noncontrolling interests | | | **(1)** | | | 1 |
| **Total comprehensive income (loss) attributable to Campbell Soup Company** | | | **$ 167** | | | $ 156 |

| | Nine Months Ended | | | | | |
|---|---|---|---|---|---|---|
| | May 2, 2021 | | | April 26, 2020 | | |
| | Pre-tax amount | Tax (expense) benefit | After-tax amount | Pre-tax amount | Tax (expense) benefit | After-tax amount |
| **Net earnings (loss)** | | | **$ 714** | | | $ 1,542 |
| **Other comprehensive income (loss):** | | | | | | |
| **Foreign currency translation:** | | | | | | |
| Foreign currency translation adjustments | **$ 14** | **$ —** | **14** | $ (10) | $ — | (10) |
| Reclassification of currency translation adjustments realized upon disposal of businesses | **—** | **—** | **—** | 206 | 4 | 210 |
| **Cash-flow hedges:** | | | | | | |
| Unrealized gains (losses) arising during period | **(9)** | **1** | **(8)** | 9 | (2) | 7 |
| Reclassification adjustment for (gains) losses included in net earnings | **5** | **—** | **5** | 2 | (1) | 1 |
| **Pension and other postretirement benefits:** | | | | | | |
| Reclassification of prior service credit included in net earnings | **(4)** | **1** | **(3)** | (21) | 5 | (16) |
| **Other comprehensive income (loss)** | **$ 6** | **$ 2** | **8** | $ 186 | $ 6 | 192 |
| **Total comprehensive income (loss)** | | | **$ 722** | | | $ 1,734 |
| Total comprehensive income (loss) attributable to noncontrolling interests | | | **(4)** | | | 1 |
| **Total comprehensive income (loss) attributable to Campbell Soup Company** | | | **$ 726** | | | $ 1,733 |

See accompanying Notes to Consolidated Financial Statements.

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

| | May 2, 2021 | August 2, 2020 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **$ 209** | $ 859 |
| Accounts receivable, net | **580** | 575 |
| Inventories | **860** | 871 |
| Other current assets | **92** | 80 |
| Assets of business held for sale | **122** | — |
| **Total current assets** | **1,863** | 2,385 |
| Plant assets, net of depreciation | **2,313** | 2,368 |
| Goodwill | **3,983** | 3,986 |
| Other intangible assets, net of amortization | **3,249** | 3,350 |
| Other assets | **322** | 283 |
| **Total assets** | **$ 11,730** | $ 12,372 |
| **Current liabilities** | | |
| Short-term borrowings | **$ 204** | $ 1,202 |
| Payable to suppliers and others | **1,086** | 1,049 |
| Accrued liabilities | **544** | 693 |
| Dividends payable | **115** | 107 |
| Accrued income taxes | **1** | 24 |
| Liabilities of business held for sale | **25** | — |
| **Total current liabilities** | **1,975** | 3,075 |
| Long-term debt | **4,997** | 4,994 |
| Deferred taxes | **999** | 914 |
| Other liabilities | **764** | 820 |
| **Total liabilities** | **8,735** | 9,803 |
| **Commitments and contingencies** | | |
| **Campbell Soup Company shareholders' equity** | | |
| Preferred stock; authorized 40 shares; none issued | **—** | — |
| Capital stock, $0.0375 par value; authorized 560 shares; issued 323 shares | **12** | 12 |
| Additional paid-in capital | **401** | 394 |
| Earnings retained in the business | **3,564** | 3,190 |
| Capital stock in treasury, at cost | **(986)** | (1,023) |
| Accumulated other comprehensive income (loss) | **2** | (10) |
| **Total Campbell Soup Company shareholders' equity** | **2,993** | 2,563 |
| Noncontrolling interests | **2** | 6 |
| **Total equity** | **2,995** | 2,569 |
| **Total liabilities and equity** | **$ 11,730** | $ 12,372 |

See accompanying Notes to Consolidated Financial Statements.

**CAMPBELL SOUP COMPANY**
**Consolidated Statements of Cash Flows**
**(unaudited)**
**(millions)**

| | Nine Months Ended | |
|---|---|---|
| | **May 2, 2021** | **April 26, 2020** |
| **Cash flows from operating activities:** | | |
| Net earnings | **$ 714** | $ 1,542 |
| Adjustments to reconcile net earnings to operating cash flow | | |
| Restructuring charges | **21** | 10 |
| Stock-based compensation | **51** | 47 |
| Pension and postretirement benefit income | **(87)** | (11) |
| Depreciation and amortization | **233** | 241 |
| Deferred income taxes | **99** | 35 |
| Net gain on sales of businesses | **—** | (975) |
| Loss on extinguishment of debt | **—** | 75 |
| Investment losses | **—** | 49 |
| Other | **66** | 74 |
| Changes in working capital, net of divestitures | | |
| Accounts receivable | **(4)** | (121) |
| Inventories | **(2)** | 118 |
| Prepaid assets | **(23)** | (4) |
| Accounts payable and accrued liabilities | **(149)** | 92 |
| Other | **(38)** | (47) |
| **Net cash provided by operating activities** | **881** | 1,125 |
| **Cash flows from investing activities:** | | |
| Purchases of plant assets | **(190)** | (220) |
| Purchases of route businesses | **(1)** | (10) |
| Sales of route businesses | **7** | 8 |
| Sales of businesses, net of cash divested | **—** | 2,537 |
| Other | **7** | 3 |
| **Net cash provided by (used in) investing activities** | **(177)** | 2,318 |
| **Cash flows from financing activities:** | | |
| Short-term borrowings, including commercial paper and revolving line of credit | **—** | 5,610 |
| Short-term repayments, including commercial paper | **(295)** | (6,405) |
| Long-term borrowings | **—** | 1,000 |
| Long-term repayments | **(721)** | (499) |
| Dividends paid | **(327)** | (320) |
| Treasury stock issuances | **2** | 23 |
| Payments related to tax withholding for stock-based compensation | **(15)** | (10) |
| Payments related to extinguishment of debt | **—** | (1,768) |
| Payments of debt issuance costs | **—** | (9) |
| **Net cash used in financing activities** | **(1,356)** | (2,378) |
| **Effect of exchange rate changes on cash** | **2** | (2) |
| **Net change in cash and cash equivalents** | **(650)** | 1,063 |
| **Cash and cash equivalents — beginning of period (including discontinued operations)** | **859** | 179 |
| **Cash and cash equivalents discontinued operations — end of period** | **—** | — |
| **Cash and cash equivalents — end of period** | **$ 209** | $ 1,242 |

See accompanying Notes to Consolidated Financial Statements.

# CAMPBELL SOUP COMPANY

## Consolidated Statements of Equity

### (unaudited)

### (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 January 26, 2020 | 323 | $ 12 | (21) | $ (1,048) | $ 374 | $ 3,151 | $ 5 | $ 5 | $ 2,499 |
| Net earnings (loss) | | | | | | 168 | | — | 168 |
| Other comprehensive income (loss) | | | | | | | (12) | 1 | (11) |
| Dividends ($.35 per share) | | | | | | (107) | | | (107) |
| Treasury stock issued under management incentive and stock option plans | | | — | 20 | 12 | — | | | 32 |
| Balance at April 26, 2020 | 323 | $ 12 | (21) | $ (1,028) | $ 386 | $ 3,212 | $ (7) | $ 6 | $ 2,581 |
| Balance at July 28, 2019 | 323 | $ 12 | (22) | $ (1,076) | $ 372 | $ 1,993 | $ (198) | $ 9 | $ 1,112 |
| Net earnings (loss) | | | | | | 1,542 | | — | 1,542 |
| Divestiture | | | | | | | | (4) | (4) |
| Other comprehensive income (loss) | | | | | | | 191 | 1 | 192 |
| Dividends ($1.05 per share) | | | | | | (321) | | | (321) |
| Treasury stock issued under management incentive and stock option plans | | | 1 | 48 | 14 | (2) | | | 60 |
| Balance at April 26, 2020 | 323 | $ 12 | (21) | $ (1,028) | $ 386 | $ 3,212 | $ (7) | $ 6 | $ 2,581 |
| Balance at January 31, 2021 | 323 | $ 12 | (20) | $ (990) | $ 388 | $ 3,517 | $ (5) | $ 3 | $ 2,925 |
| **Net earnings (loss)** | | | | | | **160** | | **—** | **160** |
| **Other comprehensive income (loss)** | | | | | | | **7** | **(1)** | **6** |
| **Dividends ($.37 per share)** | | | | | | **(113)** | | | **(113)** |
| **Treasury stock issued under management incentive and stock option plans** | | | **—** | **4** | **13** | **—** | | | **17** |
| **Balance at May 2, 2021** | **323** | **$ 12** | **(20)** | **$ (986)** | **$ 401** | **$ 3,564** | **$ 2** | **$ 2** | **$ 2,995** |
| Balance at August 2, 2020 | 323 | $ 12 | (21) | $ (1,023) | $ 394 | $ 3,190 | $ (10) | $ 6 | $ 2,569 |
| **Net earnings (loss)** | | | | | | **714** | | **—** | **714** |
| **Other comprehensive income (loss)** | | | | | | | **12** | **(4)** | **8** |
| **Dividends ($1.09 per share)** | | | | | | **(334)** | | | **(334)** |
| **Treasury stock issued under management incentive and stock option plans** | | | **1** | **37** | **7** | **(6)** | | | **38** |
| **Balance at May 2, 2021** | **323** | **$ 12** | **(20)** | **$ (986)** | **$ 401** | **$ 3,564** | **$ 2** | **$ 2** | **$ 2,995** |

See accompanying Notes to Consolidated Financial Statements.

**Notes to Consolidated Financial Statements**
**(unaudited)**
**(currency in millions, except per share amounts)**

**1. Basis of Presentation and Significant Accounting Policies**

In this Form 10-Q, unless otherwise stated, the terms "we," "us," "our" and the "company" refer to Campbell Soup Company and its consolidated subsidiaries.

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. See Note 3 for a discussion of Discontinued Operations.

The financial statements reflect all adjustments which are, in our opinion, necessary for a fair statement of the results of operations, financial position, and cash flows for the indicated periods. The accounting policies we used in preparing these financial statements are substantially consistent with those we applied in our Annual Report on Form 10-K for the year ended August 2, 2020.

The results for the period are not necessarily indicative of the results to be expected for other interim periods or the full year. Our fiscal year ends on the Sunday nearest July 31, which is August 1, 2021. There are 52 weeks in 2021. There were 53 weeks in 2020.

**2. Recent Accounting Pronouncements**

*Recently Adopted*

In August 2018, the Financial Accounting Standards Board (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 adopted the new guidance at the beginning of the first quarter of 2021. The adoption did not have 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 adopted the new guidance on a prospective basis at the beginning of the first quarter of 2021. The adoption did not have a material impact on our consolidated financial statements.

*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 ending after December 15, 2020. The guidance is to be applied on a retrospective basis. The adoption will not have 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. The adoption is not expected to have a material impact 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*

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 Campbell International in 2020 were as follows:

| | | Nine Months Ended April 26, 2020 |
|---|---|---|
| Net sales | $ | 359 |
| | | |
| Earnings before taxes from operations | $ | 53 |
| Taxes on earnings from operations | | 17 |
| Gain on sales of businesses / costs associated with selling the businesses | | 1,039 |
| Tax expense on sales of businesses / costs associated with selling the businesses | | 39 |
| Earnings from discontinued operations | $ | 1,036 |

In the third quarter of 2021, we recognized a $6 Loss from discontinued operations due to tax expense from return-to- provision adjustments related to the sales of the businesses.

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 business.

Cash flow activity of Campbell International included the following:

| | | Nine Months Ended April 26, 2020 |
|---|---|---|
| Cash flows from discontinued operating activities: | | |
| Net gain on sales of discontinued operations businesses | $ | 1,039 |
| | | |
| Cash flows from discontinued investing activities: | | |
| Capital expenditures | $ | 30 |
| Sales of discontinued operations businesses, net of cash divested | $ | 2,466 |

*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, in the first quarter of 2020, the capital loss on the sale was offset by a valuation allowance. In the second quarter of 2020, we recognized a $19 tax benefit in continuing operations as 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 for the nine-month period ended April 26, 2020. Earnings were not material in the period. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment.

*Pending Divestiture*

Subsequent to the end of the quarter, on May 3, 2021, we completed the sale of our Plum baby food and snacks business for $101, subject to certain post-closing adjustments. The purchase agreement contained customary representations, warranties, indemnifications and other obligations between us and the buyer. In addition, we have agreed to indemnify the buyer for certain claims against the Plum baby food and snacks business alleging the presence of heavy metals in the products manufactured or sold on or prior to May 2, 2021, that were pending at the time of closing of the transaction or are asserted within two years thereafter.

The after-tax gain on sale was not material. The business had net sales of $22 and $68 for the three- and nine-month periods ended May 2, 2021, and $27 and $79 for the three- and nine-month periods ended April 26, 2020, respectively. Earnings were not material in the periods. The results of the business through the date of sale are reflected in continuing operations within the Meals & Beverages reportable segment. The assets and liabilities of the business have been reflected as current Assets of business held for sale and current Liabilities of business held for sale as of May 2, 2021. The assets and liabilities were as follows:

| | May 2, 2021 |
|---|---|
| Accounts receivable, net | $ 1 |
| Inventories | 15 |
| Plant assets, net of depreciation | 24 |
| Goodwill | 12 |
| Other intangible assets, net of amortization | 70 |
| **Total assets** | $ 122 |
| | |
| Payable to suppliers and others | $ 10 |
| Accrued liabilities | 1 |
| Deferred taxes | 14 |
| **Total liabilities** | $ 25 |

**4. 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 28, 2019 | $ (218) | $ (9) | $ 29 | $ (198) |
| Other comprehensive income (loss) before reclassifications | (11) | 7 | — | (4) |
| Amounts reclassified from accumulated other comprehensive income (loss)[4] | 210 | 1 | (16) | 195 |
| Net current-period other comprehensive income (loss) | 199 | 8 | (16) | 191 |
| Balance at April 26, 2020 | $ (19) | $ (1) | $ 13 | $ (7) |
| | | | | |
| Balance at August 2, 2020 | $ (10) | $ (7) | $ 7 | $ (10) |
| **Other comprehensive income (loss) before reclassifications** | **18** | **(8)** | **—** | **10** |
| **Amounts reclassified from accumulated other comprehensive income (loss)** | **—** | **5** | **(3)** | **2** |
| **Net current-period other comprehensive income (loss)** | **18** | **(3)** | **(3)** | **12** |
| **Balance at May 2, 2021** | **$ 8** | **$ (10)** | **$ 4** | **$ 2** |

(1) Included no tax as of May 2, 2021, August 2, 2020, and April 26, 2020 and tax expense of $4 as of July 28, 2019.
(2) Included a tax benefit of $2 as of May 2, 2021, $1 as of August 2, 2020, tax expense of $1 as of April 26, 2020, and a tax benefit of $2 as of July 28, 2019.
(3) Included tax expense of $1 as of May 2, 2021, $2 as of August 2, 2020, $3 as of April 26, 2020, and $8 as of July 28, 2019.
(4) Reflects amounts reclassified from sales 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 | Three Months Ended May 2, 2021 | Three Months Ended April 26, 2020 | Nine Months Ended May 2, 2021 | Nine Months Ended April 26, 2020 | 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 | Earnings (loss) from discontinued operations |
| Total before tax | **—** | — | **—** | 206 | |
| Tax expense (benefit) | **—** | — | **—** | 4 | |
| (Gain) loss, net of tax | **$ —** | $ — | **$ —** | $ 210 | |
| | | | | | |
| (Gains) losses on cash flow hedges: | | | | | |
| Foreign exchange forward contracts | **$ 2** | $ 1 | **$ 4** | $ — | Cost of products sold |
| Foreign exchange forward contracts | **—** | — | **—** | 1 | Earnings (loss) from discontinued operations |
| Forward starting interest rate swaps | **—** | — | **1** | 1 | Interest expense |
| Total before tax | **2** | 1 | **5** | 2 | |
| Tax expense (benefit) | **—** | — | **—** | (1) | |
| (Gain) loss, net of tax | **$ 2** | $ 1 | **$ 5** | $ 1 | |
| | | | | | |
| Pension and postretirement benefit adjustments: | | | | | |
| Prior service credit | **$ (2)** | $ (7) | **$ (4)** | $ (21) | Other expenses / (income) |
| Tax expense (benefit) | **1** | 2 | **1** | 5 | |
| (Gain) loss, net of tax | **$ (1)** | $ (5) | **$ (3)** | $ (16) | |

**5. 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 August 2, 2020 | $ 975 | $ 3,011 | $ 3,986 |
| **Amounts reclassified to Assets of business held for sale[1]** | **(12)** | **—** | **(12)** |
| **Foreign currency translation adjustment** | **9** | **—** | **9** |
| **Net balance at May 2, 2021** | **$ 972** | **$ 3,011** | **$ 3,983** |

(1) See Note 3 for additional information.

***Intangible Assets***

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

| Intangible Assets | May 2, 2021 | | | August 2, 2020 | | |
|---|---|---|---|---|---|---|
| | **Cost** | **Accumulated Amortization** | **Net** | **Cost** | **Accumulated Amortization** | **Net** |
| Amortizable intangible assets | | | | | | |
| Customer relationships | **$ 851** | **$ (143)** | **$ 708** | $ 851 | $ (112) | $ 739 |
| Non-amortizable intangible assets | | | | | | |
| Trademarks | | | **2,611** | | | 2,611 |
| Subtotal | | | **$ 3,319** | | | $ 3,350 |
| Amounts reclassified to Assets of business held for sale(1) | | | **(70)** | | | — |
| Total net intangible assets | | | **$ 3,249** | | | $ 3,350 |

(1) Customer relationships and Trademarks of $8 and $62, respectively, were reclassified to Assets of business held for sale. See Note 3 for additional information.

Non-amortizable intangible assets consist of trademarks. As of May 2, 2021, trademarks primarily included $1,978 associated with Snyder's-Lance. Of the carrying values 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.

Amortization of intangible assets in Earnings from continuing operations was $31 and $33 for the nine-month periods ended May 2, 2021, and April 26, 2020, respectively. As of May 2, 2021, amortizable intangible assets had a weighted-average remaining useful life of 18 years. Amortization expense for the next 5 years is estimated to be approximately $41 per year.

**6. 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 *Pepperidge Farm* Farmhouse* cookies and bakery products, *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 included the results of our European chips business, which was sold on October 11, 2019. We refer to the * trademarks as our "power brands."

We evaluate segment performance before interest, taxes and costs associated with restructuring activities and impairment charges. Unrealized gains and losses on undesignated 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.

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | **May 2, 2021** | **April 26, 2020** | **May 2, 2021** | **April 26, 2020** |
| Net sales | | | | |
| Meals & Beverages | **$ 1,039** | $ 1,210 | **$ 3,681** | $ 3,628 |
| Snacks | **945** | 1,028 | **2,922** | 2,955 |
| Total | **$ 1,984** | $ 2,238 | **$ 6,603** | $ 6,583 |

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | May 2, 2021 | April 26, 2020 | May 2, 2021 | April 26, 2020 |
| Earnings before interest and taxes | | | | |
| Meals & Beverages | **$ 179** | $ 275 | **$ 770** | $ 799 |
| Snacks | **109** | 154 | **392** | 415 |
| Corporate[1] | **(14)** | (156) | **(7)** | (264) |
| Restructuring charges[2] | **(2)** | — | **(21)** | (10) |
| Total | **$ 272** | $ 273 | **$ 1,134** | $ 940 |

(1) Represents unallocated items. Pension benefit settlement adjustments are included in Corporate. There were settlement gains of $4 and $38 in the three- and nine-month periods ended May 2, 2021, and charges of $54 and $43 in the three- and nine-month periods ended April 26, 2020, respectively. A loss of $45 on Acre Venture Partners, L.P. (Acre) was included in the three- and nine-month periods ended April 26, 2020. A loss of $64 on the sale of our European chips business was included in the nine-month period ended April 26, 2020. Costs related to the cost savings initiatives were $13 and $14 in the three-month periods and $22 and $40 in the nine-month periods ended May 2, 2021, and April 26, 2020, respectively.

(2) See Note 7 for additional information.

Our net sales based on product categories are as follows:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | May 2, 2021 | April 26, 2020 | May 2, 2021 | April 26, 2020 |
| Net sales | | | | |
| Soup | **$ 544** | $ 681 | **$ 2,164** | $ 2,144 |
| Snacks | **961** | 1,040 | **2,958** | 3,005 |
| Other simple meals | **278** | 324 | **896** | 886 |
| Beverages | **201** | 193 | **585** | 548 |
| Total | **$ 1,984** | $ 2,238 | **$ 6,603** | $ 6,583 |

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. Beverages include *V8* juices and beverages, *Campbell's* tomato juice and *Pacific Foods* non-dairy beverages.

## 7. 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, Inc. (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:

| | Three Months Ended | | Nine Months Ended | | |
|---|---|---|---|---|---|
| | May 2, 2021 | April 26, 2020 | May 2, 2021 | April 26, 2020 | Recognized as of May 2, 2021 |
| Restructuring charges | **$ 2** | $ — | **$ 21** | $ 10 | $ 259 |
| Administrative expenses | **11** | 10 | **21** | 31 | 332 |
| Cost of products sold | **2** | 4 | **1** | 6 | 77 |
| Marketing and selling expenses | **—** | — | **—** | 2 | 12 |
| Research and development expenses | **—** | — | **—** | 1 | 4 |
| Total pre-tax charges | **$ 15** | $ 14 | **$ 43** | $ 50 | $ 684 |

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

| | | Recognized as of May 2, 2021 |
|---|---|---|
| Severance pay and benefits | $ | 19 |
| Implementation costs and other related costs | | 4 |
| Total | $ | 23 |

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 May 2, 2021 |
|---|---|---|
| Severance pay and benefits | $ | 221 |
| Asset impairment/accelerated depreciation | | 81 |
| Implementation costs and other related costs | | 382 |
| Total | $ | 684 |

The total estimated pre-tax costs for actions associated with continuing operations that have been identified are approximately $700 to $730 and we expect to incur the costs through 2022. 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 $220 to $225 in severance pay and benefits; approximately $85 in asset impairment and accelerated depreciation; and approximately $395 to $420 in implementation costs and other related costs. We expect these pre-tax costs to be associated with our segments as follows: Meals & Beverages - approximately 32%; Snacks - approximately 44%; and Corporate - approximately 24%.

Of the aggregate $700 to $730 of pre-tax costs associated with continuing operations identified to date, we expect approximately $600 to $630 will be cash expenditures. In addition, we expect to invest approximately $430 in capital expenditures through 2022, of which we invested $382 as of May 2, 2021. The capital expenditures primarily relate to a U.S. warehouse optimization project, improvement of quality, safety and cost structure across the Snyder's-Lance manufacturing network, implementation of our existing SAP enterprise-resource planning system for Snyder's-Lance, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, optimization of information technology infrastructure and applications 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 May 2, 2021, is as follows:

| | Severance Pay and Benefits | Implementation Costs and Other Related Costs[3] | Asset Impairment/Accelerated Depreciation | Other Non-Cash Exit Costs[4] | Total Charges |
|---|---|---|---|---|---|
| Accrued balance at August 2, 2020[1] | $ 15 | | | | |
| **2021 charges** | **6** | **19** | **14** | **4** | **$ 43** |
| **2021 cash payments** | **(12)** | | | | |
| **Accrued balance at May 2, 2021[2]** | **$ 9** | | | | |

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

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

(3) 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 and Cost of products sold in the Consolidated Statements of Earnings.

(4) Includes non-cash costs that are not reflected in the restructuring reserve in the Consolidated Balance Sheet.

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:

| | May 2, 2021 | | |
|---|---|---|---|
| | Three Months Ended | Nine Months Ended | Costs Incurred to Date |
| Meals & Beverages | $ 1 | $ 2 | $ 222 |
| Snacks | 13 | 39 | 290 |
| Corporate | 1 | 2 | 172 |
| Total | $ 15 | $ 43 | $ 684 |

In addition, in the second quarter of 2021, we recorded a $19 deferred tax charge in connection with a legal entity reorganization as part of the continued integration of Snyder's-Lance.

## 8. 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 the three- and nine-month periods ended May 2, 2021, and April 26, 2020, excludes approximately 1 million stock options that would have been antidilutive.

## 9. Pension and Postretirement Benefits

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

| | Three Months Ended | | | | Nine Months Ended | | | |
|---|---|---|---|---|---|---|---|---|
| | Pension | | Postretirement | | Pension | | Postretirement | |
| | May 2, 2021 | April 26, 2020 | May 2, 2021 | April 26, 2020 | May 2, 2021 | April 26, 2020 | May 2, 2021 | April 26, 2020 |
| Service cost | **$ 5** | $ 4 | **$ —** | $ — | **$ 14** | $ 14 | **$ —** | $ — |
| Interest cost | **10** | 14 | **1** | 2 | **30** | 48 | **3** | 5 |
| Expected return on plan assets | **(31)** | (31) | **—** | — | **(92)** | (100) | **—** | — |
| Amortization of prior service cost | **—** | — | **(2)** | (7) | **—** | — | **(4)** | (21) |
| Settlement charges (gains) | **(4)** | 54 | **—** | — | **(38)** | 43 | **—** | — |
| Net periodic benefit expense (income) | **$ (20)** | $ 41 | **$ (1)** | $ (5) | **$ (86)** | $ 5 | **$ (1)** | $ (16) |

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 (gains) resulted from the level of lump sum distributions associated with U.S. and Canadian pension plans.

Net periodic pension benefit expense (income) associated with discontinued operations was not material for the nine-month period ended April 26, 2020.

## 10. Leases

The components of lease costs were as follows:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | **May 2, 2021** | **April 26, 2020** | **May 2, 2021** | **April 26, 2020** |
| Operating lease cost | **$ 20** | $ 20 | **$ 60** | $ 60 |
| Finance lease - amortization of right-of-use (ROU) assets | **1** | 1 | **3** | 2 |
| Short-term lease cost | **11** | 11 | **32** | 31 |
| Variable lease cost[1] | **45** | 43 | **137** | 129 |
| Sublease income | **(1)** | (1) | **(2)** | (3) |
| Total[2] | **$ 76** | $ 74 | **$ 230** | $ 219 |

(1) Includes labor and other overhead in our service contracts with embedded leases.
(2) Total lease cost of $4 for the nine-month period ended April 26, 2020, related to discontinued operations.

The following tables summarize the lease amounts recorded in the Consolidated Balance Sheets:

| | Operating Leases | | |
|---|---|---|---|
| | **Balance Sheet Location** | **May 2, 2021** | **August 2, 2020** |
| ROU assets, net | Other assets | **$ 236** | $ 254 |
| Lease liabilities (current) | Accrued liabilities | **$ 57** | $ 67 |
| Lease liabilities (noncurrent) | Other liabilities | **$ 178** | $ 184 |

| | Finance Leases | | |
|---|---|---|---|
| | **Balance Sheet Location** | **May 2, 2021** | **August 2, 2020** |
| ROU assets, net | Plant assets, net of depreciation | **$ 10** | $ 10 |
| Lease liabilities (current) | Short-term borrowings | **$ 4** | $ 3 |
| Lease liabilities (noncurrent) | Long-term debt | **$ 7** | $ 7 |

The following table summarizes cash flow and other information related to leases:

| | Nine Months Ended | |
|---|---|---|
| | **May 2, 2021** | **April 26, 2020** |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | **$ 60** | $ 59 |
| Financing cash flows from finance leases | **$ 3** | $ 1 |
| | | |
| ROU assets obtained in exchange for lease obligations: | | |
| Operating leases | **$ 39** | $ 77 |
| Finance leases | **$ 4** | $ 8 |
| | | |
| ROU assets divested with businesses sold: | | |
| Operating leases | **$ —** | $ 18 |
| Finance leases | **$ —** | $ 5 |

## 11. 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 May 2, 2021, or August 2, 2020.

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 $128 as of May 2, 2021, and $164 as of August 2, 2020. 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). The notional amount of foreign exchange forward contracts that are not designated as accounting hedges was $14 as of May 2, 2021, and $19 as of August 2, 2020.

***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. 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, are recorded in current-period earnings. 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. 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), and reclassified into interest expense over the life of the debt. The change in fair value on undesignated instruments is recorded in interest expense. There were no forward starting interest rate swaps or treasury rate lock contracts outstanding as of May 2, 2021, or August 2, 2020.

***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, corn, soybean meal, and butter. 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. The notional amount of commodity contracts designated as cash flow hedges was $18 as of May 2, 2021. There were no commodity contracts designated as cash flow hedges as of August 2, 2020. 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. The notional amount of commodity contracts not designated as accounting hedges was $203 as of May 2, 2021, and $137 as of August 2, 2020.

We have 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 $61 as of May 2, 2021, and $34 as of August 2, 2020.

Unrealized gains (losses) and settlements are included in Cost of products sold in our 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 were $35 as of May 2, 2021, and $22 as of August 2, 2020.

The following table summarizes the fair value of derivative instruments on a gross basis as recorded in the Consolidated Balance Sheets as of May 2, 2021, and August 2, 2020:

| | Balance Sheet Classification | May 2, 2021 | August 2, 2020 |
|---|---|---|---|
| **Asset Derivatives** | | | |
| Derivatives designated as hedges: | | | |
| Commodity derivative contracts | Other current assets | **$ 2** | $ — |
| Foreign exchange forward contracts | Other current assets | **—** | 1 |
| Total derivatives designated as hedges | | **$ 2** | $ 1 |
| Derivatives not designated as hedges: | | | |
| Commodity derivative contracts | Other current assets | **$ 35** | $ 7 |
| Deferred compensation derivative contracts | Other current assets | **2** | 4 |
| Commodity derivative contracts | Other assets | **3** | — |
| Total derivatives not designated as hedges | | **$ 40** | $ 11 |
| Total asset derivatives | | **$ 42** | $ 12 |

| | Balance Sheet Classification | May 2, 2021 | August 2, 2020 |
|---|---|---|---|
| **Liability Derivatives** | | | |
| Derivatives designated as hedges: | | | |
| Foreign exchange forward contracts | Accrued liabilities | **$ 7** | $ 2 |
| Total derivatives designated as hedges | | **$ 7** | $ 2 |
| Derivatives not designated as hedges: | | | |
| Commodity derivative contracts | Accrued liabilities | **$ —** | $ 9 |
| Total derivatives not designated as hedges | | **$ —** | $ 9 |
| Total liability derivatives | | **$ 7** | $ 11 |

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 May 2, 2021, and August 2, 2020, would be adjusted as detailed in the following table:

| | May 2, 2021 | | | August 2, 2020 | | |
|---|---|---|---|---|---|---|
| **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 | **$ 42** | **$ —** | **$ 42** | $ 12 | $ (4) | $ 8 |
| Total liability derivatives | **$ 7** | **$ —** | **$ 7** | $ 11 | $ (4) | $ 7 |

We are required to maintain cash margin accounts in connection with funding the settlement of open positions for exchange-traded commodity derivative instruments. A cash margin liability balance of $11 at May 2, 2021, and an asset balance of $8 at August 2, 2020, were included in Accrued liabilities and Other current assets, respectively, in the Consolidated Balance Sheets.

The following tables show the effect of our derivative instruments designated as cash-flow hedges for the three- and nine-month periods ended May 2, 2021, and April 26, 2020, in other comprehensive income (loss) (OCI) and the Consolidated Statements of Earnings:

| | | Total Cash-Flow Hedge OCI Activity | |
|---|---|---|---|
| **Derivatives Designated as Cash-Flow Hedges** | | **May 2, 2021** | **April 26, 2020** |
| **Three Months Ended** | | | |
| OCI derivative gain (loss) at beginning of quarter | | **$ (12)** | $ (9) |
| Effective portion of changes in fair value recognized in OCI: | | | |
| Commodity contracts | | **2** | — |
| Foreign exchange forward contracts | | **(4)** | 8 |
| Amount of (gain) loss reclassified from OCI to earnings: | **Location in Earnings** | | |
| Foreign exchange forward contracts | Cost of products sold | **2** | 1 |
| OCI derivative gain (loss) at end of quarter | | **$ (12)** | $ — |
| | | | |
| **Nine Months Ended** | | | |
| OCI derivative gain (loss) at beginning of year | | **$ (8)** | $ (11) |
| Effective portion of changes in fair value recognized in OCI: | | | |
| Commodity contracts | | **2** | — |
| Foreign exchange forward contracts | | **(11)** | 9 |
| Amount of (gain) loss reclassified from OCI to earnings: | **Location in Earnings** | | |
| Foreign exchange forward contracts | Cost of products sold | **4** | — |
| Foreign exchange forward contracts | Earnings (loss) from discontinued operations | **—** | 1 |
| Forward starting interest rate swaps | Interest expense | **1** | 1 |
| OCI derivative gain (loss) at end of quarter | | **$ (12)** | $ — |

Based on current valuations, the amount expected to be reclassified from OCI into earnings within the next 12 months is a loss of $6.

The following tables show the effect of our derivative instruments designated as cash-flow hedges for the three- and nine-month periods ended May 2, 2021, and April 26, 2020, in the Consolidated Statements of Earnings:

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | May 2, 2021 | | April 26, 2020 | | |
| | Cost of products sold | Interest expense | Cost of products sold | Earnings from discontinued operations | Interest expense |
| Consolidated Statements of Earnings: | **$ 1,356** | **$ 53** | $ 1,466 | $ 2 | $ 55 |
| (Gain) loss on Cash Flow Hedges: | | | | | |
| Amount of (gain) loss reclassified from OCI to earnings | **$ 2** | **$ —** | $ 1 | $ — | $ — |
| Amount excluded from effectiveness testing recognized in earnings using an amortization approach | **$ —** | **$ —** | $ — | $ — | $ — |

| | Nine Months Ended | | | | |
|---|---|---|---|---|---|
| | May 2, 2021 | | April 26, 2020 | | |
| | Cost of products sold | Interest expense | Cost of product sold | Earnings from discontinued operations | Interest expense |
| Consolidated Statements of Earnings: | **$ 4,379** | **$ 163** | $ 4,331 | $ 1,036 | $ 284 |
| (Gain) loss on Cash Flow Hedges: | | | | | |
| Amount of (gain) loss reclassified from OCI to earnings | **$ 4** | **$ 1** | $ — | $ 1 | $ 1 |
| 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 for the three- and nine-month periods ended May 2, 2021, and April 26, 2020, in the Consolidated Statements of Earnings:

| | | Amount of (Gain) Loss Recognized in Earnings on Derivatives | | | |
|---|---|---|---|---|---|
| | | Three Months Ended | | Nine Months Ended | |
| **Derivatives not Designated as Hedges** | **Location of (Gain) Loss Recognized in Earnings** | **May 2, 2021** | **April 26, 2020** | **May 2, 2021** | **April 26, 2020** |
| Foreign exchange forward contracts | Cost of products sold | **$ 1** | $ (1) | **$ 2** | $ (1) |
| Foreign exchange forward contracts | Other expenses / (income) | **—** | — | **—** | 2 |
| Commodity derivative contracts | Cost of products sold | **(24)** | 31 | **(39)** | 27 |
| Deferred compensation derivative contracts | Administrative expenses | **(3)** | 5 | **(6)** | 1 |
| Treasury rate lock contracts | Interest expense | **—** | — | **—** | (3) |
| Total (gain) loss at end of quarter | | **$ (26)** | $ 35 | **$ (43)** | $ 26 |

## 12. 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 May 2, 2021, and August 2, 2020, consistent with the fair value hierarchy:

| | Fair Value as of May 2, 2021 | Fair Value Measurements at May 2, 2021 Using Fair Value Hierarchy | | | Fair Value as of August 2, 2020 | Fair Value Measurements at August 2, 2020 Using Fair Value Hierarchy | | |
|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Assets | | | | | | | | |
| Foreign exchange forward contracts[(1)] | $ — | $ — | $ — | $ — | $ 1 | $ — | $ 1 | $ — |
| Commodity derivative contracts[(2)] | 40 | 21 | 18 | 1 | 7 | 3 | 2 | 2 |
| Deferred compensation derivative contracts[(3)] | 2 | — | 2 | — | 4 | — | 4 | — |
| Deferred compensation investments[(4)] | 3 | 3 | — | — | 3 | 3 | — | — |
| Total assets at fair value | $ 45 | $ 24 | $ 20 | $ 1 | $ 15 | $ 6 | $ 7 | $ 2 |

| | Fair Value as of May 2, 2021 | Fair Value Measurements at May 2, 2021 Using Fair Value Hierarchy | | | Fair Value as of August 2, 2020 | Fair Value Measurements at August 2, 2020 Using Fair Value Hierarchy | | |
|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Liabilities | | | | | | | | |
| Foreign exchange forward contracts[(1)] | $ 7 | $ — | $ 7 | $ — | $ 2 | $ — | $ 2 | $ — |
| Commodity derivative contracts[(2)] | — | — | — | — | 9 | 5 | 4 | — |
| Deferred compensation obligation[(4)] | 101 | 101 | — | — | 92 | 92 | — | — |
| Total liabilities at fair value | $ 108 | $ 101 | $ 7 | $ — | $ 103 | $ 97 | $ 6 | $ — |

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(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.

The following table summarizes the changes in fair value of Level 3 assets and liabilities for the nine-month periods ended May 2, 2021, and April 26, 2020:

| | Nine Months Ended | |
|---|---|---|
| | May 2, 2021 | April 26, 2020[1] |
| Fair value at beginning of year | **$ 2** | $ 76 |
| Gains (losses) | **2** | (46) |
| Purchases | **—** | 1 |
| Settlements | **(3)** | (1) |
| Fair value at end of quarter | **$ 1** | $ 30 |

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(1) 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, a limited partnership in which we were the sole limited partner. 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. As a result of the pending sale, we adjusted the fair value as of April 26, 2020 based on the proceeds.

***Fair Value of Financial Instruments***

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

There were no cash equivalents at May 2, 2021, and $157 at August 2, 2020. 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 $5,641 at May 2, 2021, and $6,995 at August 2, 2020. The carrying value was $5,201 at May 2, 2021, and $6,196 at August 2, 2020. 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.

## 13. Share Repurchases

In March 2017, the Board authorized a strategic share repurchase program to purchase up to $1,500 (March 2017 program). The March 2017 program has no expiration date, but it may be suspended or discontinued at any time. In addition to the March 2017 program, we had a separate Board authorization to purchase shares to offset the impact of dilution from shares issued under our stock compensation programs (anti-dilutive program). We suspended all of our share repurchases, including our anti-dilutive program, as of the second quarter of 2018. Approximately $1,296 remained available under the March 2017 program as of May 2, 2021, which remains suspended.

In June 2021, the Board authorized a new anti-dilutive share repurchase program of up to $250 (June 2021 program) to offset the impact of dilution from shares issued under our stock compensation programs. The June 2021 program has no expiration date, but it may be suspended or discontinued at any time. Repurchases under the June 2021 program may be made in open-market or privately negotiated transactions.

## 14. Stock-based Compensation

We provide compensation benefits by issuing stock options, unrestricted stock and restricted stock units (including time-lapse restricted stock units, EPS performance restricted stock units, total shareholder return (TSR) performance restricted stock units, and free cash flow (FCF) performance restricted stock units). In 2021, we issued time-lapse restricted stock units, unrestricted stock and TSR performance restricted stock units. We have not issued stock options, FCF performance restricted stock units, or EPS performance restricted stock units in 2021.

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:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | May 2, 2021 | April 26, 2020 | May 2, 2021 | April 26, 2020 |
| Total pre-tax stock-based compensation expense | **$ 17** | $ 14 | **$ 51** | $ 45 |
| Tax-related benefits | **$ 3** | $ 3 | **$ 9** | $ 9 |

In the nine-month period ended April 26, 2020, total pre-tax stock-based compensation expense recognized in Earnings from discontinued operations was $2. The tax-related benefits were not material.

The following table summarizes stock option activity as of May 2, 2021:

| | Options | | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life | | Aggregate Intrinsic Value |
|---|---|---|---|---|---|---|
| | (Options in thousands) | | | (In years) | | |
| Outstanding at August 2, 2020 | 1,423 | $ | 45.42 | | | |
| Granted | — | $ | — | | | |
| Exercised | (51) | $ | 33.65 | | | |
| Terminated | — | $ | — | | | |
| Outstanding at May 2, 2021 | 1,372 | $ | 45.61 | 6.2 | $ | 6 |
| Exercisable at May 2, 2021 | 1,079 | $ | 48.36 | 5.8 | $ | 3 |

The total intrinsic value of options exercised during the nine-month period ended May 2, 2021 was not material. The total intrinsic value of options exercised during the nine-month period ended April 26, 2020 was $2. We measured the fair value of stock options using the Black-Scholes option pricing model.

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 May 2, 2021, total remaining unearned compensation related to nonvested stock options was $1, which will be amortized over the weighted-average remaining service period of less than one year.

The following table summarizes time-lapse restricted stock units, EPS performance restricted stock units and FCF performance restricted stock units as of May 2, 2021:

| | Units | | Weighted-Average Grant-Date Fair Value |
|---|---|---|---|
| | (Restricted stock units in thousands) | | |
| Nonvested at August 2, 2020 | 1,866 | $ | 43.18 |
| Granted | 887 | $ | 48.43 |
| Vested | (790) | $ | 42.82 |
| Forfeited | (129) | $ | 46.59 |
| Nonvested at May 2, 2021 | 1,834 | $ | 45.64 |

We determine the fair value of time-lapse restricted stock units and EPS 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 expensed EPS performance restricted stock units on a graded-vesting basis, except for awards issued to retirement-eligible participants, which we expensed on an accelerated basis. The actual number of EPS performance restricted stock units issued at the vesting date was either 0% or 100% of the initial grant, depending on actual performance achieved. We estimated expense based on the number of awards expected to vest. As of November 1, 2020, there were no EPS performance target grants outstanding.

In 2019, we issued approximately 388 thousand FCF performance restricted stock units for which vesting is contingent upon 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 was 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. The actual number of FCF performance restricted stock units issued at the vesting date could range from 0% to 200% of the initial grant depending on actual performance achieved. The fair value of FCF performance restricted stock units is based upon the quoted price of our stock at the date of grant. We expense FCF performance restricted stock units over the requisite service period of each objective. As of November 1, 2020, we have granted all of the issued FCF performance restricted stock units, which are included in the table above. There were 241 thousand FCF performance target grants outstanding at May 2, 2021, with a weighted-average grant-date fair value of $44.10.

As of May 2, 2021, total remaining unearned compensation related to nonvested time-lapse restricted stock units and FCF performance restricted units was $38, which will be amortized over the weighted-average remaining service period of 1.7 years. The fair value of restricted stock units vested during the nine-month periods ended May 2, 2021, and April 26, 2020, was $38, and $34, respectively. The weighted-average grant-date fair value of the restricted stock units granted during the nine-month period ended April 26, 2020 was $46.77.

The following table summarizes TSR performance restricted stock units as of May 2, 2021:

| | Units | Weighted-Average Grant-Date Fair Value |
|---|---|---|
| | (Restricted stock units in thousands) | |
| Nonvested at August 2, 2020 | 1,254 | $ 47.83 |
| Granted | 521 | $ 54.93 |
| Vested | (236) | $ 39.39 |
| Forfeited | (296) | $ 42.66 |
| Nonvested at May 2, 2021 | 1,243 | $ 53.63 |

We estimated the fair value of TSR performance restricted stock units at the grant date using a Monte Carlo simulation.

Assumptions used in the Monte Carlo simulation were as follows:

| | 2021 | 2020 |
|---|---|---|
| Risk-free interest rate | **0.15%** | 1.48% |
| Expected dividend yield | **2.85%** | 2.95% |
| Expected volatility | **29.99%** | 27.01% |
| Expected term | **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 May 2, 2021, total remaining unearned compensation related to TSR performance restricted stock units was $30, which will be amortized over the weighted-average remaining service period of 1.8 years. In the first quarter of 2021, recipients of TSR performance restricted stock units earned 50% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 31, 2020. 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. The fair value of TSR performance restricted stock units vested during the nine-month period ended May 2, 2021 was $11. The grant-date fair value of the TSR performance restricted stock units granted during 2020 was $63.06.

The excess tax benefits of $1 in the nine-month periods ended May 2, 2021 and April 26, 2020, 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 $2 and $23 for the nine-month periods ended May 2, 2021, and April 26, 2020, respectively, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

## 15. 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 (the Court) 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 amended 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 amended consolidated complaint seeks unspecified monetary damages and other relief. On April 30, 2019, the defendants filed a motion to dismiss the amended consolidated complaint, which the Court granted on November 30, 2020, with leave to amend the complaint. On January 15, 2021, the plaintiff filed its second amended consolidated complaint. The second amended consolidated complaint again names as defendants the company and certain of its former officers and alleges that, in public statements between August 31, 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 second amended consolidated complaint seeks unspecified monetary damages and other relief. On March 10, 2021 the defendants filed a motion to dismiss the second amended 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 May 2, 2021. 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.

*Other Contingencies*

We have provided certain 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 May 2, 2021.

## 16. Supplemental Financial Statement Data

| ***Balance Sheets*** | **May 2, 2021** | **August 2, 2020** |
|---|---|---|
| Inventories | | |
| Raw materials, containers and supplies | **$ 318** | $ 297 |
| Finished products | **542** | 574 |
| | **$ 860** | $ 871 |

| ***Statements of Earnings*** | **Three Months Ended** | | **Nine Months Ended** | |
|---|---|---|---|---|
| | **May 2, 2021** | **April 26, 2020** | **May 2, 2021** | **April 26, 2020** |
| Other expenses / (income) | | | | |
| Amortization of intangible assets | **$ 10** | $ 11 | **$ 31** | $ 33 |
| Net periodic benefit income other than the service cost | **(22)** | (22) | **(63)** | (68) |
| Pension settlement charges (gains) | **(4)** | 54 | **(38)** | 43 |
| Investment losses | **—** | 45 | **—** | 49 |
| Loss on sale of business[(1)] | **—** | — | **—** | 64 |
| Transition services fees | **(8)** | (3) | **(20)** | (5) |
| Other | **1** | (4) | **4** | (1) |
| | **$ (23)** | $ 81 | **$ (86)** | $ 115 |

(1) See Note 3 for additional information.

## Item 2. *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, the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements in "Part I - Item 1. Financial Statements," and our Form 10-K for the year ended August 2, 2020, including but not limited to "Part I - Item 1A. Risk Factors" and "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

### *Executive Summary*

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 operate in a highly competitive industry and experience competition in all of our categories.

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). 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. 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. On May 3, 2021, subsequent to the end of the quarter, we completed the sale of our Plum baby food and snacks business, which is included in our Meals & Beverages reportable segment. See Notes 3 and 6 to the Consolidated Financial Statements for additional information on these divestitures and reportable segments.

*Business Trends*

We have been actively monitoring the impact of COVID-19 on all aspects of our business. During the third quarter of 2021, we experienced a decrease in sales in both our Meals & Beverages and Snacks segments, primarily as a result of lapping the initial COVID-19-related elevated demand for our retail products during the year-ago period. We anticipate that our fourth quarter 2021 sales will be lower than fourth quarter 2020 as we continue to lap the COVID-related elevated demand of the year-ago period, continue to transition out of the COVID-19 environment and lap the 53rd week in the year-ago quarter. In the quarter, we experienced margin pressure from: (i) higher than expected inflation, including escalating transportation costs, (ii) increased supply chain costs, reduced operating leverage and unfavorable mix as we transition from the unprecedented demand for our products resulting from COVID-19 in the year-ago period, and (iii) to a lesser extent, execution issues as we continue to advance our transformation agenda, primarily in Snacks.

Going forward, we expect to see inflation continue to be a headwind but expect it to be mitigated in 2022 by stronger productivity and price increases set to take effect in the first quarter of 2022. However, we continue to monitor the dynamic nature of the current economic environment. We also expect a decrease in costs related to COVID-19, a decrease in supply chain costs as we continue to recover our supply and service levels, and expect our execution issues will abate. Although we expect the impacts of COVID-19 on our business to moderate in the fourth quarter and beyond there still remains uncertainty about the duration and extent of the impact from COVID-19, including the spread of COVID-19 variants. We will continue to evaluate the extent to which COVID-19 will impact our business, consolidated results of operations and financial condition.

In February 2021, there was significant winter weather across most of the United States affecting both inbound and outbound supply and distribution. We experienced operational disruptions at several of our manufacturing plants and distribution centers in areas of the country that were adversely impacted. While we believe these storms resulted in incremental transportation costs during the later part of February and early part of March 2021, the weather did not have a material impact on our results of operations for the third quarter.

### *Summary of Results*

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

- Net sales decreased 11% in 2021 to $1,984 million, primarily as a result of lapping increased demand of food purchases for at-home consumption at the onset of the COVID-19 pandemic in the prior-year quarter.
- Gross profit, as a percent of sales, decreased to 31.7% in 2021 from 34.5% in the prior-year quarter. The decrease was primarily due to higher cost inflation and other supply chain costs and unfavorable product mix, partially offset by the benefits from supply chain productivity improvements. In the current quarter, gross profit performance was impacted by pronounced inflation, the transition out of the COVID-19 environment and execution issues as we continue to advance our transformation agenda, primarily within Snacks.

- Earnings from continuing operations per share were $.54 in 2021, compared to $.55 a year ago. The current quarter and prior-year quarter included expenses of $.03 and $.29 per share, respectively, from items impacting comparability as discussed below.

***Net Earnings attributable to Campbell Soup Company***

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

*Continuing Operations*

- We implemented several cost savings initiatives in recent years. In the third quarter of 2021, we recorded a pre-tax restructuring charge of $2 million and implementation costs and other related costs of $11 million in Administrative expenses and $2 million in Cost of products sold (aggregate impact of $11 million after tax, or $.04 per share) related to these initiatives. Year-to-date in 2021, we recorded a pre-tax restructuring charge of $21 million and implementation costs and other related costs of $21 million in Administrative expenses and $1 million in Cost of products sold (aggregate impact of $32 million after tax, or $.10 per share) related to these initiatives. In the third quarter of 2020, we recorded implementation costs and other related costs of $10 million in Administrative expenses and $4 million in Cost of products sold (aggregate impact of $11 million after tax, or $.04 per share) related to these initiatives. Year-to-date in 2020, we recorded a pre-tax restructuring charge of $10 million and implementation costs and other related costs of $31 million in Administrative expenses, $6 million in Cost of products sold, $2 million in Marketing and selling expenses, and $1 million in Research and development expenses (aggregate impact of $38 million after tax, or $.13 per share) related to these initiatives. See Note 7 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;
- In the third quarter of 2021, we recognized pre-tax pension settlement gains in Other expenses / (income) of $4 million ($3 million after tax, or $.01 per share). Year-to-date in 2021, we recognized pre-tax pension settlement gains in Other expenses / (income) of $38 million ($29 million after tax, or $.10 per share). In the third quarter of 2020, we recognized pre-tax pension settlement charges in Other expenses / (income) of $54 million ($41 million after tax, or $.13 per share). Year-to-date in 2020, we recognized pre-tax pension settlement charges in Other expenses / (income) of $43 million ($33 million after tax, or $.11 per share). The settlements were associated with U.S. and Canadian pension plans and resulted from the level of lump sum distributions from the plans' assets;
- Year-to-date in 2021, we recorded a $19 million ($.06 per share) deferred tax charge in connection with a legal entity reorganization as part of the continued integration of Snyder's-Lance, Inc. (Snyder's-Lance);
- 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) associated with the pending sale of our limited partnership in Acre Venture Partners, L.P. (Acre);
- Year-to-date in 2020, we recorded a loss in Other expenses / (income) of $64 million ($41 million after tax, or $.13 per share) on the sale of our European chips business; and
- Year-to-date 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.

*Discontinued Operations*

- Year-to-date 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.

The items impacting comparability are summarized below:

| | Three Months Ended | | | |
|---|---|---|---|---|
| | May 2, 2021 | | April 26, 2020 | |
| **(Millions, except per share amounts)** | **Earnings Impact** | **EPS Impact** | **Earnings Impact** | **EPS Impact** |
| Earnings from continuing operations attributable to Campbell Soup Company | **$ 166** | **$ .54** | $ 166 | $ .55 |
| Earnings (loss) from discontinued operations | **$ (6)** | **$ (.02)** | $ 2 | $ .01 |
| Net earnings attributable to Campbell Soup Company(1) | **$ 160** | **$ .52** | $ 168 | $ .55 |
| Continuing operations: | | | | |
| Restructuring charges, implementation costs and other related costs | **$ (11)** | **$ (.04)** | $ (11) | $ (.04) |
| Pension settlement gains (charges) | **3** | **.01** | (41) | (.13) |
| Investment losses | **—** | **—** | (35) | (.12) |
| Impact of items on Earnings from continuing operations | **$ (8)** | **$ (.03)** | $ (87) | $ (.29) |

| (Millions, except per share amounts) | Nine Months Ended May 2, 2021 Earnings Impact | Nine Months Ended May 2, 2021 EPS Impact | Nine Months Ended April 26, 2020 Earnings Impact | Nine Months Ended April 26, 2020 EPS Impact |
|---|---|---|---|---|
| Earnings from continuing operations attributable to Campbell Soup Company | **$ 720** | **$ 2.36** | $ 506 | $ 1.66 |
| Earnings (loss) from discontinued operations | **$ (6)** | **$ (.02)** | $ 1,036 | $ 3.41 |
| Net earnings attributable to Campbell Soup Company | **$ 714** | **$ 2.34** | $ 1,542 | $ 5.07 |
| | | | | |
| Continuing operations: | | | | |
| Restructuring charges, implementation costs and other related costs | **$ (32)** | **$ (.10)** | $ (38) | $ (.13) |
| Pension settlement gains (charges) | **29** | **.10** | (33) | (.11) |
| Deferred tax charge | **(19)** | **(.06)** | — | — |
| Investment losses | **—** | **—** | (35) | (.12) |
| Charges associated with divestiture | **—** | **—** | (41) | (.13) |
| Loss on debt extinguishment | **—** | **—** | (57) | (.19) |
| Impact of items on Earnings from continuing operations[1] | **$ (22)** | **$ (.07)** | $ (204) | $ (.67) |
| | | | | |
| Discontinued operations: | | | | |
| Gains associated with divestitures | **$ —** | **$ —** | $ 1,000 | $ 3.29 |
| Impact of items on Earnings from discontinued operations | **$ —** | **$ —** | $ 1,000 | $ 3.29 |

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

Earnings from continuing operations were $166 million ($.54 per share) in the current quarter, compared to $166 million ($.55 per share) in the year-ago quarter. After adjusting for items impacting comparability, earnings from continuing operations decreased reflecting sales volume declines and lower gross profit performance, partially offset by lower marketing and selling expenses.

Earnings from continuing operations were $720 million ($2.36 per share) in the nine-month period this year, compared to $506 million ($1.66 per share) in the year-ago period. After adjusting for items impacting comparability, earnings from continuing operations increased reflecting lower interest expense, lower selling expenses, higher other income and sales volume gains, partially offset by lower gross profit performance and increased administrative expenses.

See "Discontinued Operations" for additional information.

## THIRD-QUARTER DISCUSSION AND ANALYSIS

### *Sales*

An analysis of net sales by reportable segment follows:

| (Millions) | Three Months Ended May 2, 2021 | Three Months Ended April 26, 2020 | % Change |
|---|---|---|---|
| Meals & Beverages | **$ 1,039** | $ 1,210 | (14) |
| Snacks | **945** | 1,028 | (8) |
| | **$ 1,984** | $ 2,238 | (11) |

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

| | Meals & Beverages[1] | Snacks | Total[1] |
|---|---|---|---|
| Volume and mix | (15)% | (9)% | (12)% |
| Price and sales allowances | (1) | 1 | — |
| Currency | 1 | — | — |
| | (14)% | (8)% | (11)% |

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

In Meals & Beverages, sales decreased 14% primarily due to declines across U.S. retail products, including in U.S. soup and *Prego* pasta sauces, as well as declines in foodservice and Canada. Volume decreased in U.S. retail driven by lapping increased demand of food purchases for at-home consumption at the onset of the COVID-19 pandemic in the prior-year quarter. Sales of U.S. soup decreased 21% due to volume declines in condensed soups, ready-to-serve soups and broth.

In Snacks, sales decreased 8% due to volume declines within our salty snacks portfolio, including *Pop Secret* popcorn, *Cape Cod* potato chips and *Snyder's of Hanover* pretzels, as well as in *Lance* sandwich crackers, partner brands and fresh bakery. Volume declines were partially driven by lapping increased demand of food purchases for at-home consumption at the onset of the COVID-19 pandemic in the prior-year quarter. Partner brands consist of third-party branded products that we sell.

***Gross Profit***

Gross profit, defined as Net sales less Cost of products sold, decreased by $144 million in 2021 from 2020. As a percent of sales, gross profit was 31.7% in 2021 and 34.5% in 2020.

The 2.8 percentage-point decrease in gross profit percentage was due to the following factors:

| | Margin Impact |
|---|---|
| Cost inflation, supply chain costs and other factors[1] | **(3.6)** |
| Mix | **(1.1)** |
| Price and sales allowances | **0.1** |
| Lower restructuring-related costs | **0.1** |
| Lower level of promotional spending | **0.2** |
| Productivity improvements | **1.5** |
| | **(2.8)%** |

(1) Includes an estimated positive margin impact of a 2.5 benefit from the change in mark-to-market adjustments on outstanding commodity hedges and 0.6 from the benefit of cost savings initiatives, which were more than offset by cost inflation and other factors, including a 1.1 impact from reduced operating leverage.

***Marketing and Selling Expenses***

Marketing and selling expenses as a percent of sales were 10.2% in 2021 compared to 10.7% in 2020. Marketing and selling expenses decreased 15% in 2021 from 2020. The decrease was primarily due to lower advertising and consumer promotion expense (approximately 7 percentage points); lower incentive compensation (approximately 4 percentage points); lower selling expenses (approximately 3 percentage points); and increased benefits from cost savings initiatives (approximately 2 percentage points). The decrease in advertising and consumer promotion expense was primarily due to a reduction of spend in Meals & Beverages, primarily U.S. soup.

***Administrative Expenses***

Administrative expenses as a percent of sales were 7.7% in 2021 compared to 6.9% in 2020. Administrative expenses decreased 1% in 2021 from 2020. The decrease was primarily due to lower incentive compensation (approximately 12 percentage points), partially offset by higher benefit-related costs (approximately 11 percentage points).

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

Other income was $23 million in 2021 compared to other expenses of $81 million in 2020. Other income in 2021 included pension settlement gains of $4 million. Other expenses in 2020 included pension settlement charges of $54 million and a loss of $45 million on Acre.

***Operating Earnings***

Segment operating earnings decreased 33% in 2021 from 2020.

An analysis of operating earnings by segment follows:

| (Millions) | Three Months Ended May 2, 2021 | Three Months Ended April 26, 2020 | % Change |
|---|---|---|---|
| Meals & Beverages | **$ 179** | $ 275 | (35) |
| Snacks | **109** | 154 | (29) |
| | **288** | 429 | (33) |
| Corporate | **(14)** | (156) | |
| Restructuring charges[1] | **(2)** | — | |
| Earnings before interest and taxes | **$ 272** | $ 273 | |

[1] See Note 7 to the Consolidated Financial Statements for additional information on restructuring charges.

Operating earnings from Meals & Beverages decreased 35%. The decrease was primarily due to sales volume declines and lower gross profit performance, partially offset by lower marketing and selling expenses. Gross profit performance was impacted by higher cost inflation and other supply chain costs, reduced operating leverage and unfavorable mix, partially offset by the benefits of supply chain productivity improvements.

Operating earnings from Snacks decreased 29%. The decrease was primarily due to lower gross profit performance and sales volume declines, partially offset by lower marketing and selling expenses and lower administrative expenses. Gross profit performance was impacted by higher cost inflation and other supply chain costs, reduced operating leverage and unfavorable product mix, partially offset by the benefits of supply chain productivity improvements.

Corporate in 2021 included costs of $13 million related to costs savings initiatives and pension settlement gains of $4 million. Corporate in 2020 included pension settlement charges of $54 million, a loss of $45 million on Acre and costs of $14 million related to cost savings initiatives. Excluding these amounts, the remaining decrease in expenses was primarily due to mark-to-market gains on outstanding commodity hedges in the current period compared to losses in the prior year, partially offset by higher administrative expenses.

***Interest Expense***

Interest expense decreased to $53 million in 2021 from $55 million in 2020, primarily due to lower levels of debt.

***Taxes on Earnings***

The effective tax rate was 24.2% in 2021 and 23.9% in 2020. The increase in the effective tax rate was primarily due to state tax law changes.

## NINE-MONTH DISCUSSION AND ANALYSIS

***Sales***

An analysis of net sales by reportable segment follows:

| (Millions) | Nine Months Ended May 2, 2021 | Nine Months Ended April 26, 2020 | % Change |
|---|---|---|---|
| Meals & Beverages | **$ 3,681** | $ 3,628 | 1 |
| Snacks | **2,922** | 2,955 | (1) |
| | **$ 6,603** | $ 6,583 | — |

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

| | Meals & Beverages[2] | Snacks[2] | Total |
|---|---|---|---|
| Volume and mix | —% | (2)% | (1)% |
| Price and sales allowances | (1) | — | — |
| (Increased) /decreased promotional spending[1] | 1 | 1 | 1 |
| Divestiture | — | (1) | — |
| | 1% | (1)% | —% |

[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 Meals & Beverages, sales increased 1% primarily due to gains in U.S. soup and *V8* beverages, partially offset by declines in foodservice. Volume increased in U.S. retail driven by COVID-19, with increased demand of food purchases for at-home consumption in the first half of 2021. Foodservice sales were negatively impacted by shifts in consumer behavior and continued COVID-19 related restrictions. Sales of U.S. soup increased 4% due to volume gains in condensed soups, broth and ready-to-serve soups and moderated promotional spending.

In Snacks, sales decreased 1% reflecting a 1-point negative impact from the sale of the European chips business. Excluding the divestiture, sales were comparable driven by volume declines mostly offset by lower levels of promotional spending. Declines in *Lance* sandwich crackers and partner brands were mostly offset by gains in salty snacks, including *Late July* snacks and *Kettle Brand* potato chips, and fresh bakery products.

***Gross Profit***

Gross profit, defined as Net sales less Cost of products sold, decreased by $28 million in 2021 from 2020. As a percent of sales, gross profit was 33.7% in 2021 and 34.2% in 2020.

The 0.5 percentage-point decrease in gross profit percentage was due to the following factors:

| | **Margin Impact** |
|---|---|
| Cost inflation, supply chain costs and other factors[1] | **(2.6)** |
| Mix | **(0.2)** |
| Price and sales allowances | **(0.2)** |
| Lower restructuring-related costs | **0.1** |
| Lower level of promotional spending | **0.9** |
| Productivity improvements | **1.5** |
| | **(0.5)%** |

(1) Includes an estimated positive margin impact of a 0.9 benefit from the change in mark-to-market adjustments on outstanding commodity hedges and 0.4 from the benefit of cost savings initiatives, which were more than offset by cost inflation and other factors, including the impact of COVID-19.

***Marketing and Selling Expenses***

Marketing and selling expenses as a percent of sales were 9.7% in 2021 compared to 10.4% in 2020. Marketing and selling expenses decreased 6% in 2021 from 2020. The decrease was primarily due to increased benefits from cost savings initiatives (approximately 3 percentage points); lower incentive compensation (approximately 2 percentage points); lower selling expenses (approximately 1 percentage point) and lower costs related to marketing overhead (approximately 1 percentage point), partially offset by higher advertising and consumer promotion expense (approximately 1 percentage point). The increase in advertising and consumer promotion expense was primarily in Snacks.

***Administrative Expenses***

Administrative expenses as a percent of sales were 6.8% in 2021 compared to 6.6% in 2020. Administrative expenses increased 4% in 2021 from 2020. The increase was primarily due to higher benefit-related costs (approximately 8 percentage points) and higher general administrative costs and inflation (approximately 4 percentage points), partially offset by lower incentive compensation (approximately 4 percentage points); increased benefits from cost savings initiatives (approximately 2 percentage points) and lower costs associated with cost savings initiatives (approximately 2 percentage points).

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

Other income was $86 million in 2021 compared to other expenses of $115 million in 2020. Other expenses / (income) included pension settlement gains of $38 million in 2021 and pension settlement charges of $43 million in 2020. Other expenses in 2020 also included a loss of $64 million on the sale of the European chips business and a loss of $45 million on Acre. Excluding these amounts, the remaining increase in other income was primarily due to an increase in transition services fees this year, partially offset by lower net periodic benefit income.

***Operating Earnings***

Segment operating earnings decreased 4% in 2021 from 2020.

An analysis of operating earnings by segment follows:

| | Nine Months Ended | | |
|---|---|---|---|
| **(Millions)** | **May 2, 2021** | **April 26, 2020** | **% Change** |
| Meals & Beverages | **$ 770** | $ 799 | (4) |
| Snacks | **392** | 415 | (6) |
| | **1,162** | 1,214 | (4) |
| Corporate | **(7)** | (264) | |
| Restructuring charges[(1)] | **(21)** | (10) | |
| Earnings before interest and taxes | **$ 1,134** | $ 940 | |

(1) See Note 7 to the Consolidated Financial Statements for additional information on restructuring charges.

Operating earnings from Meals & Beverages decreased 4%. The decrease was primarily due to lower gross profit performance, partially offset by sales volume gains. Gross profit performance was impacted by higher cost inflation and other supply chain costs, as well as higher sales allowances, partially offset by the benefits of supply chain productivity improvements and lower levels of promotional activity.

Operating earnings from Snacks decreased 6%. The decrease was primarily due to lower gross profit performance and sales volume declines, partially offset by lower selling expenses. Gross profit performance was impacted by higher cost inflation and other supply chain costs, including COVID-19 related costs, and unfavorable product mix, partially offset by the benefits of supply chain productivity improvements as well as lower levels of promotional spending.

Corporate in 2021 included costs of $22 million related to costs savings initiatives and pension settlement gains of $38 million. Corporate in 2020 included a loss of $64 million from the sale of the European chips business, a loss of $45 million on Acre, pension settlement charges of $43 million and costs of $40 million related to cost savings initiatives. Excluding these amounts, the remaining decrease in expenses was primarily due to mark-to-market gains on outstanding commodity hedges in the current period compared to losses in the prior year.

***Interest Expense***

Interest expense decreased to $163 million in 2021 from $284 million in 2020. The decrease in interest expense was due to a loss on extinguishment of debt of $75 million in the prior year and lower levels of debt.

***Taxes on Earnings***

The effective tax rate was 25.9% in 2021 and 23.2% in 2020. The increase in the effective tax rate was primarily due to a $19 million deferred tax charge recognized in the second quarter of 2021 in connection with a legal entity reorganization as part of the continued integration of Snyder's-Lance and a $23 million tax benefit on the $64 million loss on the sale of the European chips business in the prior year.

***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:

| | Three Months Ended | | Nine Months Ended | | |
|---|---|---|---|---|---|
| **(Millions, except per share amounts)** | **May 2, 2021** | **April 26, 2020** | **May 2, 2021** | **April 26, 2020** | **Recognized as of May 2, 2021** |
| Restructuring charges | **$ 2** | $ — | **$ 21** | $ 10 | $ 259 |
| Administrative expenses | **11** | 10 | **21** | 31 | 332 |
| Cost of products sold | **2** | 4 | **1** | 6 | 77 |
| Marketing and selling expenses | **—** | — | **—** | 2 | 12 |
| Research and development expenses | **—** | — | **—** | 1 | 4 |
| Total pre-tax charges | **$ 15** | $ 14 | **$ 43** | $ 50 | $ 684 |
| | | | | | |
| Aggregate after-tax impact | **$ 11** | $ 11 | **$ 32** | $ 38 | |
| Per share impact | **$ .04** | $ .04 | **$ .10** | $ .13 | |

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

| **(Millions)** | **Recognized as of May 2, 2021** |
|---|---|
| Severance pay and benefits | $ 19 |
| Implementation costs and other related costs | 4 |
| Total | $ 23 |

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 these initiatives is as follows:

| **(Millions)** | **Recognized as of May 2, 2021** |
|---|---|
| Severance pay and benefits | $ 221 |
| Asset impairment/accelerated depreciation | 81 |
| Implementation costs and other related costs | 382 |
| Total | $ 684 |

The total estimated pre-tax costs for actions associated with continuing operations that have been identified are approximately $700 million to $730 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 $220 million to $225 million in severance pay and benefits; approximately $85 million in asset impairment and accelerated depreciation; and approximately $395 million to $420 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 32%; Snacks - approximately 44%; and Corporate - approximately 24%.

Of the aggregate $700 million to $730 million of pre-tax costs associated with continuing operations identified to date, we expect approximately $600 million to $630 million will be cash expenditures. In addition, we expect to invest approximately $430 million in capital expenditures through 2022, of which we invested $382 million as of May 2, 2021. The capital expenditures primarily relate to a U.S. warehouse optimization project, improvement of quality, safety and cost structure across the Snyder’s-Lance manufacturing network, implementation of our existing SAP enterprise-resource planning system for Snyder's-Lance, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, optimization of information technology infrastructure and applications and optimization of the Snyder’s-Lance warehouse and distribution network.

We expect to incur the costs for the actions associated with continuing operations that have been identified to date through 2022 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 in 2021, and once all phases are implemented, to generate annual ongoing savings of approximately $850 million by the end of 2022. In the nine-month period ended May 2, 2021, we generated an additional $55 million of pre-tax savings. The annual pre-tax savings associated with continuing operations generated were as follows:

| | Year Ended | | | | | |
|---|---|---|---|---|---|---|
| **(Millions)** | **August 2, 2020** | **July 28, 2019** | **July 29, 2018** | **July 30, 2017** | **July 31, 2016** | **August 2, 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:

| | May 2, 2021 | | |
|---|---|---|---|
| **(Millions)** | **Three Months Ended** | **Nine Months Ended** | **Costs Incurred to Date** |
| Meals & Beverages | $ 1 | $ 2 | $ 222 |
| Snacks | 13 | 39 | 290 |
| Corporate | 1 | 2 | 172 |
| Total | $ 15 | $ 43 | $ 684 |

***Discontinued Operations***

We completed the sale of our Kelsen business on September 23, 2019, for $322 million. We also completed 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 Campbell International in 2020 were as follows:

| | April 26, 2020 |
|---|---|
| **(Millions)** | **Nine Months Ended** |
| Net sales | $ 359 |
| | |
| Earnings before taxes from operations | $ 53 |
| Taxes on earnings from operations | 17 |
| Gain on sales of businesses / costs associated with selling the businesses | 1,039 |
| Tax expense on sales of businesses / costs associated with selling the businesses | 39 |
| Earnings from discontinued operations | $ 1,036 |

In the third quarter of 2021, we recognized a $6 million Loss from discontinued operations due to tax expense from return-to-provision adjustments related to the sales of the businesses.

## 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 $881 million in 2021, compared to $1,125 million in 2020. The decline in 2021 was primarily due to changes in working capital, principally lower accrued liabilities and a significant increase in accounts payable in the prior year.

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 $112 million as of May 2, 2021, and $690 million as of August 2, 2020. Total debt maturing within one year was $204 million as of May 2, 2021, and $1,202 million as of August 2, 2020.

Capital expenditures were $190 million in 2021 and $220 million in 2020. The decline was due to capital expenditures associated with discontinued operations in 2020. Capital expenditures are expected to total approximately $300 million in 2021. Capital expenditures in the nine-months of 2021 included the implementation of our existing SAP enterprise-resource planning system for Snyder's-Lance, chip capacity expansion projects, a *Milano* cookie capacity expansion project, and a *Goldfish* cracker 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.

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. 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.

Dividend payments were $327 million in 2021 and $320 million in 2020. The regular quarterly dividends paid on our capital stock were $.35 per share in each the first and second quarter of 2021 and in each quarter of 2020. The regular quarterly dividends paid on our capital stock were $.37 per share in the third quarter of 2021. On March 4, 2021, the Board of Directors declared a regular quarterly dividend of $.37 per share payable on May 3, 2021 to shareholders of record at the close of business on April 8, 2021. On May 25, 2021, the Board of Directors declared a regular quarterly dividend of $.37 per share payable on August 2, 2021 to shareholders of record at the close of business on July 14, 2021.

We suspended our share repurchases as of the second quarter of 2018. In June 2021, the Board authorized a new anti-dilutive share repurchase program of up to $250 million (June 2021 program) to offset the impact of dilution from shares issued under our stock compensation programs. The June 2021 program has no expiration date, but it may be suspended or discontinued at any time. Repurchases under the anti-dilutive program may be made in open-market or privately negotiated transactions. See Note 13 to the Consolidated Financial Statements for additional information.

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.

In March 2021, we repaid the 3.30% $321 million notes and floating rate $400 million notes. The repayments were funded with available cash. In May 2021, after the end of the quarter, we repaid our 8.875% $200 million notes.

In August 2019, we repaid and terminated the AUD $335 million, or $227 million, balance outstanding under our single-draw syndicated facility. The repayment was funded through the issuance of commercial paper.

As of May 2, 2021, we had $204 million of short-term borrowings due within one year, none of which was comprised of commercial paper borrowings. As of May 2, 2021, we issued $36 million of standby letters of credit. On November 2, 2020, we entered into a committed revolving credit facility totaling $1,850 million that matures on November 2, 2023. The facility remained unused at May 2, 2021, except for $1 million of standby letters of credit that we issued under it. The facility contains customary covenants, including a financial covenant with respect to a minimum consolidated interest coverage ratio of consolidated adjusted EBITDA to consolidated interest expense (as each is defined in the credit facility) of not less than 3.25:1.00, measured quarterly, and customary events of default for credit facilities of this type. Loans under this facility will bear interest at the rates specified in the facility, which vary based on the type of loan and certain other customary conditions. The facility supports our commercial paper program 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.

In September 2020, we filed a registration statement with the Securities and Exchange Commission that registered an indeterminate amount of debt securities. Under the registration statement, we may issue debt securities from time to time, depending on market conditions.

**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. Our significant accounting policies are described in Note 1 to the Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended August 2, 2020 (2020 Annual Report on Form 10-K). The accounting policies we used in preparing these financial statements are substantially consistent with those we applied in our 2020 Annual Report on Form 10-K. Our significant accounting estimates are described in Management's Discussion and Analysis included in the 2020 Annual Report on Form 10-K.

**RECENT ACCOUNTING PRONOUNCEMENTS**

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

**FORWARD LOOKING STATEMENTS**

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 our other Securities and Exchange Commission filings, or in our 2020 Annual Report on Form 10-K, 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:

- impacts of, and associated responses to the COVID-19 pandemic on our business, suppliers, customers, consumers and employees;
- 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 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;
- negative changes and volatility in financial and credit markets, deteriorating economic conditions and other external factors, including changes in laws and regulations; 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, pandemics 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 3. *Quantitative and Qualitative Disclosure About Market Risk***

For information regarding our exposure to certain market risk, see Item 7A, Quantitative and Qualitative Disclosure About Market Risk, in the 2020 Annual Report on Form 10-K. There have been no significant changes in our portfolio of financial instruments or market risk exposures from the 2020 year-end.

**Item 4. *Controls and Procedures***

a. <u>Evaluation of Disclosure Controls and Procedure</u>

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 Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of May 2, 2021 (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.

b. <u>Changes in Internal Control</u>

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) that materially affected, or are likely to materially affect, such internal control over financial reporting during the quarter ended May 2, 2021.

## PART II - OTHER INFORMATION

**Item 1. *Legal Proceedings***

Information regarding reportable legal proceedings is contained in Note 15 to the Consolidated Financial Statements and incorporated herein by reference.

**Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds***

None.

**Item 6. *Exhibits***

The Index to Exhibits, which immediately precedes the signature page, is incorporated by reference into this Report.

INDEX TO EXHIBITS

| | |
|---|---|
| 31.1 | Certification of Mark A. Clouse pursuant to Rule 13a-14(a). |
| 31.2 | Certification of Mick J. Beekhuizen pursuant to Rule 13a-14(a). |
| 32.1 | Certification of Mark A. Clouse pursuant to 18 U.S.C. Section 1350. |
| 32.2 | Certification of Mick J. Beekhuizen pursuant to 18 U.S.C. Section 1350. |
| 101.INS | Inline XBRL Instance Document - the instance document does not appear on the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Extension Schema Document. |
| 101.CAL | Inline XBRL Extension Calculation Linkbase Document. |
| 101.DEF | Inline XBRL Extension Definition Linkbase Document. |
| 101.LAB | Inline XBRL Extension Label Linkbase Document. |
| 101.PRE | Inline XBRL Extension Presentation Linkbase Document. |
| 104 | The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL (included in Exhibit 101). |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

June 9, 2021

**CAMPBELL SOUP COMPANY**

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

By: /s/ Stanley Polomski
Stanley Polomski
Vice President and Controller

**EXHIBIT 31.1**

**CERTIFICATION PURSUANT
TO RULE 13a-14(a)**

I, Mark A. Clouse, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: June 9, 2021

By: /s/ Mark A. Clouse
Name: Mark A. Clouse
Title: President and Chief Executive Officer

**EXHIBIT 31.2**

**CERTIFICATION PURSUANT
TO RULE 13a-14(a)**

I, Mick J. Beekhuizen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: June 9, 2021

By: /s/ Mick J. Beekhuizen
Name: Mick J. Beekhuizen
Title: Executive Vice President and Chief Financial Officer

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Campbell Soup Company (the “Company”) on Form 10-Q for the fiscal quarter ended May 2, 2021 (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: June 9, 2021

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 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Campbell Soup Company (the “Company”) on Form 10-Q for the fiscal quarter ended May 2, 2021 (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: June 9, 2021

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.