



Connecting
people through
food they love.

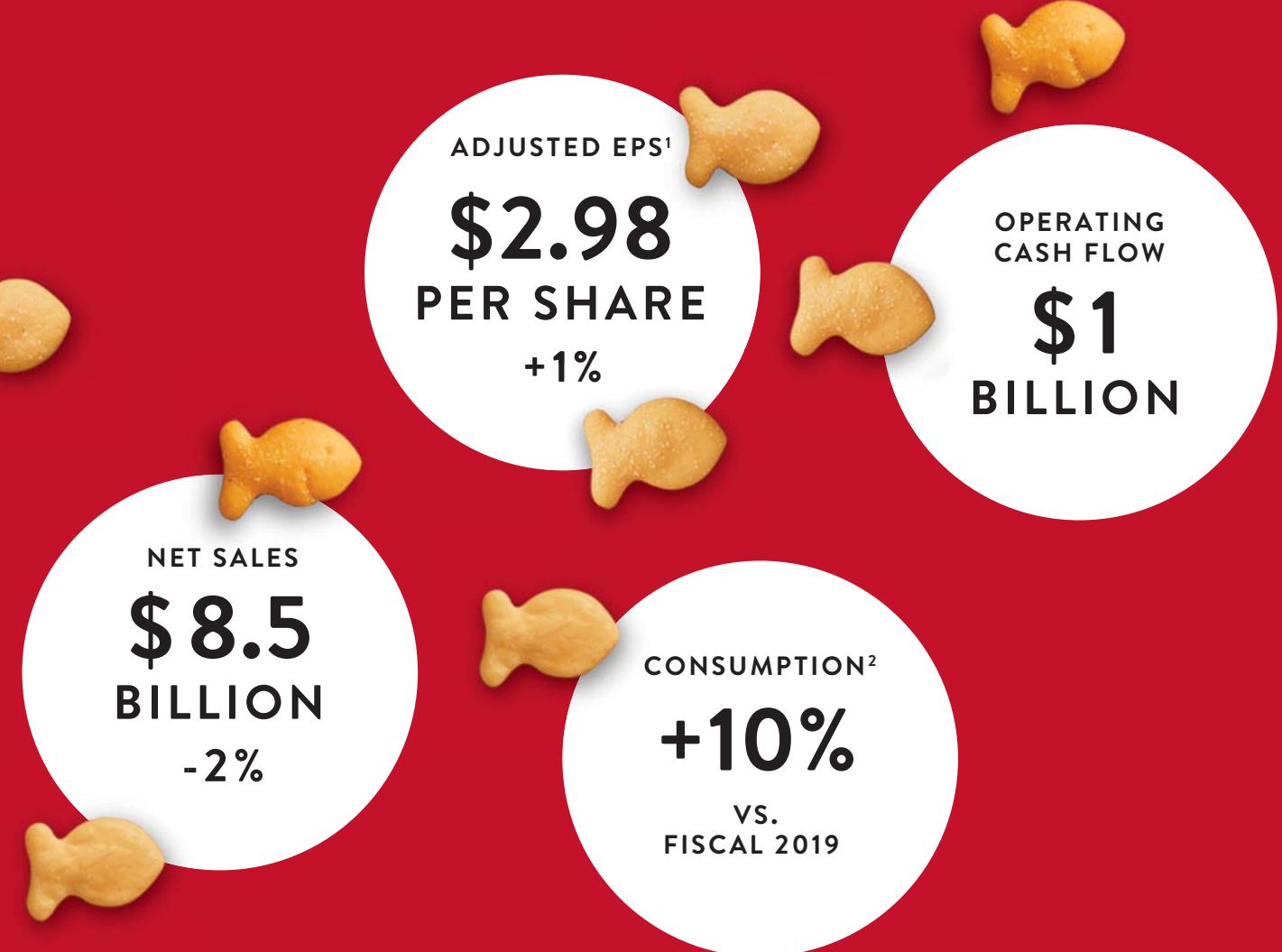


Campbell's

2021 Annual Report



FISCAL 2021 RESULTS



Chair's Message

As I reflect on the challenges posed by the unprecedented health crisis that transpired around us in fiscal 2021, I am reminded of the remarkable passion and commitment demonstrated by our teams for the food we make, for the communities we serve and for each other. At the heart of Campbell is an unyielding emphasis on our purpose: *Connecting people through food they love*. As our world was transformed by the events of the past 18 months, nurturing those connections became more important than ever.

Once again, our priority in fiscal 2021 remained the health and safety of our employees. In addition, we took tangible steps toward building a high-performing, diverse and inclusive culture, underpinned by our company's values.

We made significant progress on our focused strategic plan and landed the year with all key metrics—net sales, adjusted earnings before interest and taxes (EBIT) and adjusted earnings per share (EPS)—well ahead of the more comparable pre-pandemic fiscal 2019 period¹. We continued to drive relevance and connection across our powerful portfolio of brands with the vast majority holding or growing market share. We harnessed our creative and culinary energy to drive incremental occasions and attract and retain millions of new households. We also continued to focus our business and divested non-core assets.

We have learned so much throughout this tumultuous period about the resilience and determination of our team. Today, Campbell is stronger and better equipped to deliver sustainable results. As we move into the next phase of our strategic plan, our mission is to unlock Campbell's full growth potential while remaining nimble and cognizant of the challenges still posed by COVID-19.

"As we move into the next phase of our strategic plan, our mission is to unlock Campbell's full growth potential while remaining nimble and cognizant of the challenges still posed by COVID-19."

This year, we added new talent to our Board, welcoming Grant Hill as our newest director. Grant is a thought leader with a track record of building successful brands and businesses and leading inclusive, diverse and winning teams. We will benefit from his perspective.

On behalf of the Campbell Board of Directors, I would like to thank Mark Clouse, Campbell's President and Chief Executive Officer, for leading with clarity, integrity and authenticity, along with the Campbell Leadership Team, who continue to skillfully navigate a volatile and uncertain landscape. I also want to recognize the enormous commitment of all our employees, particularly our front-line teams. Finally, I would like to thank our shareholders for their continued confidence and support. I am confident Campbell is well-positioned to further build on the success and momentum we established this year and to fully unlock our growth potential.

Sincerely,

Keith R. McLoughlin
Chair of the Board

1. From Continuing Operations. These non-GAAP measures are adjusted for certain items not considered to be part of the ongoing business. A reconciliation of non-GAAP financial measures can be found at the end of this letter.

2. Total IRI US MULO \$ consumption latest 52 weeks ending 8/1/2021

Mark Clouse
President & Chief Executive Officer



Dear Campbell Shareholders,

For more than 150 years, Campbell has connected people through food they love. While the global health crisis has been tragic and disruptive for so many, the need for connection has never been as foundationally important. Consumers turn to Campbell for delicious, affordable food and beverages. I'm proud of the lasting connections we continue to make for our consumers, our customers and our communities, and how this creates value for our shareholders. As we move beyond this tumultuous time, we are a stronger, more focused company.

In fiscal 2021, we continued to adapt and evolve in a dynamic environment while we advanced our strategic plan. In the first part of the fiscal year, as the pandemic posed many challenges across North America, our employees—particularly our front-line and supply chain teams—continued to rally to meet the elevated demand for our products and support the communities we call home. We prioritized safety with enhanced protocols across the company that were clearly communicated and regularly updated following the guidance of public health experts. Our people are Campbell's greatest strength and competitive advantage—they drive our success—and we are deeply grateful for their dedication.

OUR STRATEGY



Despite the unprecedented challenges of the operating environment, we made significant progress. We posted strong growth across all key operating metrics in the first half of the fiscal year while continuing to invest in our brands. We attracted and retained millions of new households with the most notable increase coming from younger consumers. Reflecting the sustained relevance of our brands, our in-market performance was strong, with high single-digit consumption growth for the total company, as well as for U.S. soup and our Snacks power brands³. Additionally, we increased household penetration⁴ and consumption³ across our Meals & Beverages division, including condensed soups, ready-to-serve soups and broth, as well as in *Prego* pasta sauces and *V8* beverages. We made thoughtful decisions on promotions, and we flexed our supply chain capabilities as retailers rebuilt inventory levels after the initial COVID-19 surge.

Our Mission

Unlock our full growth potential

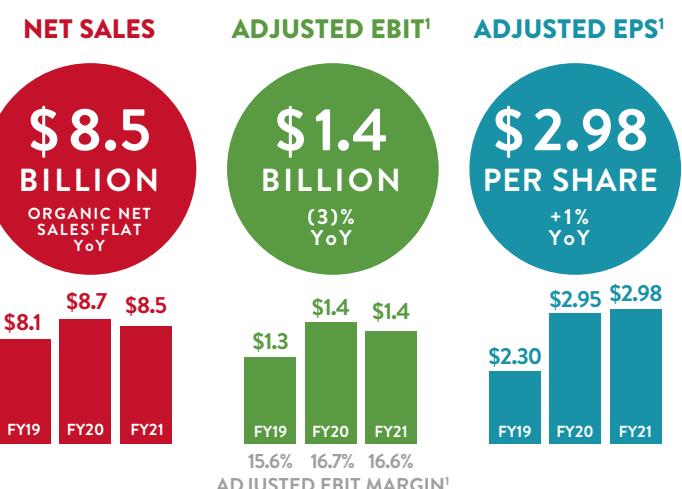
In the second half of the fiscal year, we began to cycle our historic results from the prior year, amid intense market volatility and sustained labor scarcity. At the same time, we navigated the pressures of a significant transformation agenda, especially in our Snacks division. While we anticipated the vast majority of these factors, the transitional costs associated with navigating the COVID-19 environment, coupled with inflation, required that we take additional actions through pricing and cost productivity initiatives. I am pleased with how we responded.

As difficult and complex as this time has been, it has also been an extraordinary period for Campbell, and we have made clear, meaningful progress advancing our strategic plan. For the full year, I am pleased to report that Campbell's organic net sales were comparable to fiscal 2020 and grew 3% on a two-year compounded annual growth rate (CAGR) basis driven by both divisions¹, reflecting strong in-market performance. In fact, three-quarters of our portfolio grew or held market share for the year², reflecting our continued momentum. Even more compelling is our performance relative to pre-pandemic levels, where most brands in our core categories grew at higher rates². Adjusted EBIT lagged fiscal 2020 as we lapped dramatic scale and efficiency from a year ago and navigated a much higher inflationary environment this year. However, on a two-year CAGR, adjusted EBIT grew 5%¹ and adjusted EPS from continuing operations grew 14%¹, as we delevered and improved our balance sheet.

We held or expanded share growth across most key categories², which was particularly strong given the unprecedented results in the prior year and the ongoing disruption stemming from the pandemic. Importantly, on a two-year basis, consumption grew 10% driven equally by strength in both our Meals & Beverages and Snacks divisions². We finished the year with a strong balance sheet, a lower leverage ratio and cash flow from operations of \$1 billion.

FISCAL YEAR 2021

Continuing Operations (\$ in billions, except per share)



TWO-YEAR CAGR



Strong, Healthy Brands

Throughout the last year, we connected people through food they love—offering comfort, quality, convenience and value. In a volatile and unpredictable world, our brands continued to play a meaningful role in the way people eat.

Campbell's brands play an important part of the meals and snacks enjoyed every day across North America. Breakfasts often start with *Pepperidge Farm* breads, and kids of all ages hope to find *Goldfish* crackers in their lunches. Grilled cheese sandwiches and *Campbell's Tomato Soup* are the classic lunch combo. *Campbell's* condensed cooking soups, *Swanson* and *Pacific Foods* broths are used to create memorable family dinners. Friends reach for *Kettle Brand* chips or *Snyder's of Hanover* pretzels while watching their favorite games. Kids snack on *Lance* crackers in the dugout during Little League, and of course moms enjoy a *Milano* moment. Clearly, we have a unique and differentiated portfolio filled with iconic, fabric-of-the-nation brands that consumers love.

"We have a unique and differentiated portfolio filled with iconic, fabric-of-the-nation brands that consumers love."

While it is important to reflect on the toll the past 18 months has had on people around the world, we also need to recognize the many positive moments. Our collective sense of community is stronger than ever, with people going above and beyond in countless ways, and we have a renewed commitment to inclusion and diversity, ensuring we all are given the same opportunities to be safe, heard and valued.



For our business, it created a once-in-a-generation moment, where millions of new households discovered our products and many others rediscovered familiar favorites. The extraordinary rate of trial served as an accelerant to our strategy to build relevance, attract and retain lapsed consumers and connect with younger households. We are confident that many of the new behaviors adopted by consumers during the last year will continue, and our focus has turned to building on this success with relevant, delicious food and experiences.

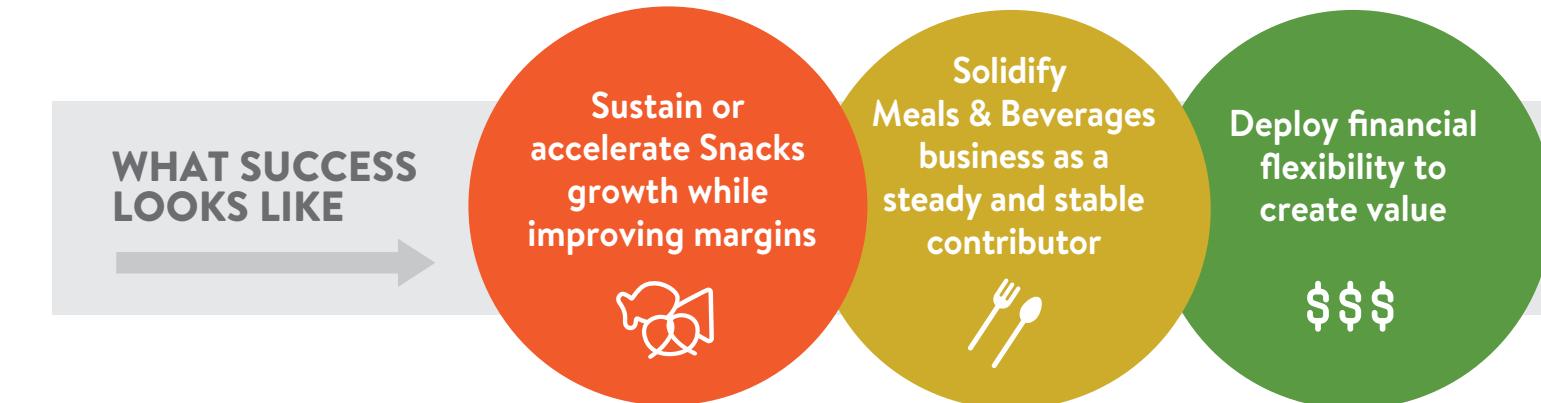
We remain confident in our strategy, mission and goals, and with strong underlying fundamentals, we are focused on execution while applying our learnings from this experience. Our confidence in our strategic plan is further strengthened by our continued in-market momentum and the structural health of our business. The progress we are making on our categories and brands, as well as the positive indicators that we are seeing from consumers and customers, increases our conviction in the long-term potential of our business.

Our Performance-driven Culture

During the complex and volatile fiscal 2021 business environment, we asked a great deal from our employees, and they delivered. The care and character that has always been part of our DNA was on display every day, and I witnessed a renewed spirit of collaboration, competitiveness and creativity from our people, backed by our focused strategy and highly engaged leadership team.

During the last year, we have been laying the groundwork for the next chapter of sustained growth. To accelerate the positive changes underway, we refreshed our purpose and mission and introduced a new set of values, "The 5Cs of Campbell," to guide our behaviors as we build a winning team and culture. Our new mission declares our intent to *unlock our full growth potential*. This mission applies as much to our business performance as it does to our people and signals that driving growth is deeply rooted in how we manage the company.

We will achieve our mission by living our purpose and values—they are our north star and, together with our strategic plan, they will guide our future. I look forward to seeing this come to life as we create new working models across the company in our field operations and our offices. While our teams have performed extremely well during this unprecedented period, we are all looking forward to the next chapter. I believe that being together in our offices, easing protocols in our plants and engaging with our colleagues, customers and suppliers in the safest possible ways is important for our business. Those in-person interactions are critical to help shape our culture, build camaraderie and collaboration, and ultimately fuel performance in a consistent and sustainable manner.



I am confident that we will unlock Campbell's full growth potential, deliver on the promise of our purpose and drive growth for our shareholders.

Mark Clouse
President and Chief Executive Officer

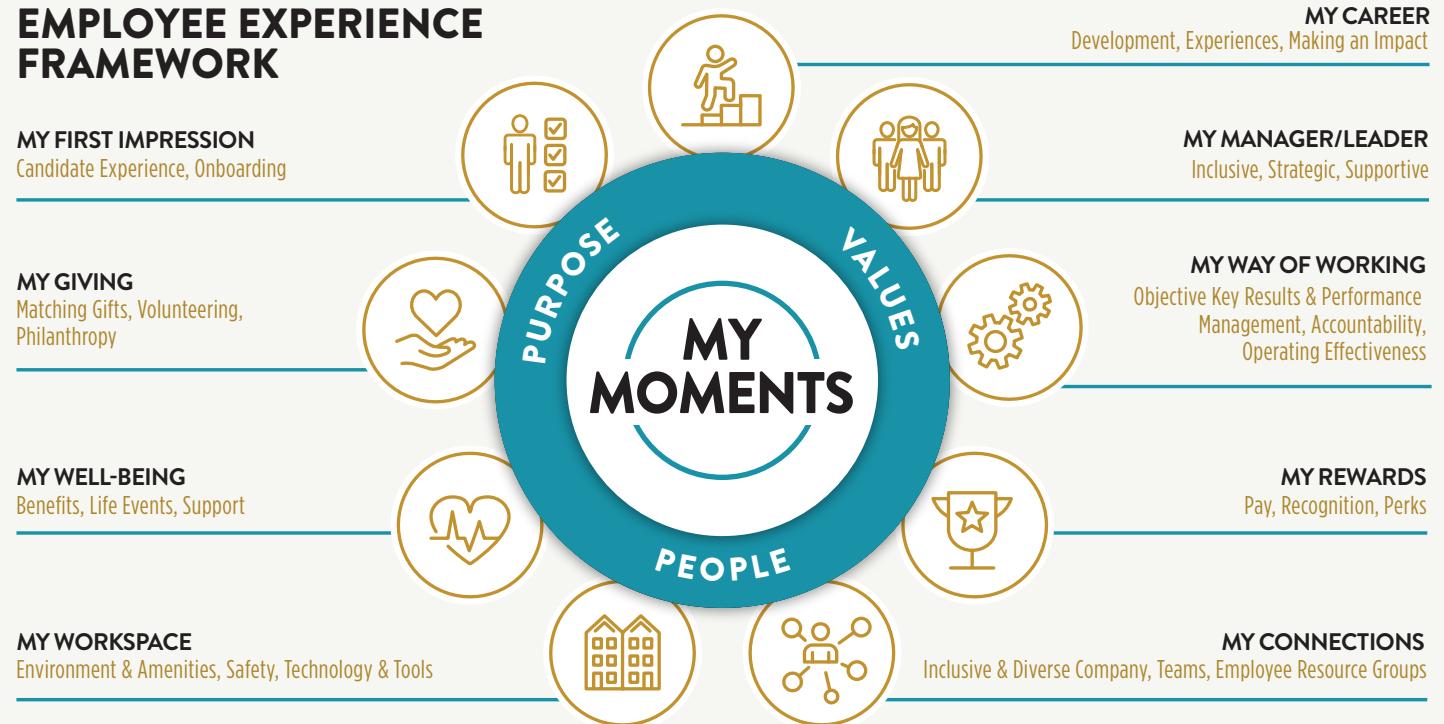


BUILD A WINNING TEAM AND CULTURE

Our success begins with our people.

This is why our strategic plan now starts with Build a Winning Team and Culture. This strategy has never been more relevant—our people have rallied around the critical role Campbell plays in society with heroic performance from our front-line teams, while our office-based employees adapted to new ways of working in a remote environment. Everyone showed resilience, determination and creativity in rising to the challenge.

EMPLOYEE EXPERIENCE FRAMEWORK



At the heart of this strategy is our Employee Experience framework, designed to enhance the nine key moments that shape an employee's career at Campbell. From recruiting and onboarding through career advancement, each focuses on ways of working and enhancing culture and inclusivity. The added focus on the Employee Experience resulted in a 16% increase in employee engagement survey scores over the prior year, which exceeded consumer packaged goods benchmarks.



Photos taken prior to COVID-19 pandemic.

An important part of the Campbell Employee Experience is our Inclusion & Diversity (I&D) strategy, which is centered on three areas: capabilities, advocacy and accountability.

We have made strong progress to ensure that all employees can be real and feel safe, valued and supported to do their best work.

Additionally, we are building next generation work models across our manufacturing network and office locations based on the learnings of the past 18 months. For instance, we announced a hybrid work policy for salaried, office-based employees, a majority of whom have worked remotely since March 2020. This new policy will foster the collaboration, creativity and camaraderie of being together in our offices that will strengthen our culture and fuel our performance, with the ability to work remotely several days per week. This is a big step toward building a winning team and culture, providing greater opportunities to live our values, and unlocking our full growth potential.

INCLUSION & DIVERSITY FOCUS AREAS

1. Capabilities

Our first step focused on increasing I&D learning opportunities and standardizing key processes throughout the company. We continue to provide learning and development opportunities to improve our capabilities to become better leaders, employees and people, and produce better results. In fiscal 2021, 96% of people managers completed I&D development work, and every salaried employee had performance objectives relating to I&D and our values.

2. Advocacy

During the past year, Campbell's Employee Resource Groups and the Campbell Soup Foundation created funds to support organizations advancing social justice. In June 2021, the Foundation awarded an additional \$500,000 in grants as part of Campbell's three-year, \$1.5 million commitment to support nonprofit organizations that raise awareness, advance education, and fight racism and discrimination. Additionally, we committed to increase our spending with diverse suppliers by 25% by the end of fiscal 2023 through our Supplier Diversity Program.

3. Accountability

We are committed to transparent measurement and reporting to track our progress. Each member of the Campbell Leadership Team has responsibility for elements of this strategy, and we measure our progress by sharing quarterly scorecards with the organization.

Our Values The 5 Cs of Campbell





ACCELERATE PROFITABLE GROWTH

Meals & Beverages

Our Meals & Beverages division's portfolio of fabric-of-the-nation brands has connected people for generations. As consumers cooked more at home this past year, our brands provided comfort, quality, convenience and value, bringing millions of new households to our portfolio.

Now, as restaurants operate at greater capacity and consumers' dining options increase, we are encouraged by the continued quick scratch cooking and in-home eating behaviors we are seeing. Our Meals & Beverages division will continue to expand its role in providing convenient, easy and inspiring recipes with a portfolio that is well positioned to build center store relevance for our retail partners and attract new generations of consumers.

In fiscal 2021, we continued to advance our "Win in Soup" plan, now in its third year, with share gains of 0.6 points in U.S. soup². In-market consumption was strong versus two years ago, growing 9%². Compared to the prior year, soup gained dollar share in condensed, ready-to-serve and *Pacific Foods* soups and broth², with millennials driving strong growth.

Our ongoing focus on condensed soup's versatility as a cooking ingredient has proven effective, delivering 10 consecutive quarters of dollar share gains⁵. We are also seeing impressive share growth with millennial consumers, as they turn to *Campbell's* cooking soups to help make quick and tasty meals. Through the second half of the fiscal year, we grew share on condensed eating soups⁶, as consumers rediscovered products that had been restored to the shelf.

Within ready-to-serve soups, *Chunky* increased share², supported by our NFL sponsorship activation and our unique EA Sports Madden NFL partnership, which helped drive relevance with younger consumers. Our *Slow Kettle Crunch* innovation, which combines a crunchy topping with a creamy soup, contributed to share gains², providing a satisfying solution for consumers' in-home meal occasion moments.

Our *Pacific Foods* brand continued to be a powerful growth engine in our soup business, tapping into macro trends like plant-based and organic foods. This year, we introduced *Pacific Foods* condensed soup varieties in a can—all of which are organic and gluten free—making it easy for consumers to quickly and easily add organic, nutritious ingredients to their meals.

We invested in marketing to engage consumers by reminding them what they love about our brands.

in *V8* beverages, with double-digit net sales gains over fiscal 2019 and repeat rates ahead of pre-pandemic levels⁷. Plus, we increased share on brands like *SpaghettiOs* canned pasta and *Swanson* canned poultry².

Turning to our foodservice business, we saw early signs of recovery as public health restrictions eased in the second half of the fiscal year, and we are encouraged by the progress we are seeing in key channels like restaurants and healthcare.

INNOVATIVE MARKETING TO ENGAGE CONSUMERS



Our refreshed condensed soup labels incorporate new elements to contemporize the brand, maximize visibility and make it easier to shop the soup aisle both in-store and on the digital shelf. To celebrate, we partnered with illustrator Sophia Chang to create an NFT (non-fungible token), with proceeds benefiting Feeding America.



Our Save the Snow Day campaign tapped into a culturally relevant moment, connecting with consumers through memories of warming up over a bowl of Campbell's soup after a long day in a winter wonderland.



The strength of our Meals & Beverages portfolio goes well beyond soup. *Prego* maintained its No.1² share position for its second straight year, increasing share by nearly a point², and grew consumption an impressive 17%² over two years. We continued to drive broad-based growth



We launched our first-ever national brand campaign for *Pacific Foods*, celebrating the attention-to-detail obsessiveness of the brand and reminding consumers to choose Pacific, specifically.



Prego maintained the No.1 share position for 27 consecutive months.²



ENDURING COOKING TRENDS



Connection and comfort
Shared meals are a way for friends and families to connect and celebrate. We see more opportunities for people to connect through our food.



Creative and confident in the kitchen
New home cooks, who picked up new skills, gained more confidence in the kitchen and expanded their menus, will continue to search for easy, delicious recipes.



Quick, easy and inspired meals
Returning to school and offices will increase time pressures on consumers, creating demand for quick and easy meals as people establish new routines.



Health seeking
Healthy eating continues to be top of mind, particularly for younger consumers.



Value conscious
Many consumers continue to look to cooking at home as a way to save money.

These unprecedented times have profoundly impacted so many people. We are proud of the role our Meals & Beverages portfolio played in providing warmth and comfort to so many. We have attracted and retained new and lapsed consumers and opened the door to younger households. We are confident that the brand investments we have made are working, as buyers and buy rates remain elevated compared to two years ago. As we look ahead, we are excited to continue to provide relevant products that connect people for generations to come.



Snacks

This year marked the three-year anniversary of our Snacks division and its unique and differentiated portfolio. Led by our nine power brands, our snacking portfolio delivers elevated experiences for consumers within arm's reach. We are raising the bar on snacking. Our Snacks division has scale across virtually every section of the store with premium brands, from unique cookies, crackers and salty snacks to bread and fresh bakery.

In fiscal 2021, nearly two-thirds of the portfolio increased or held market share over the prior year², a testament to the strength of our brands. Our power brands are the growth engine of the division and grew consumption 13% on a two-year basis². Within the power brands, salty snacks were a standout, growing consumption 17% compared to two years ago². Many of our power brands gained share over last year and repeat rates on all nine power brands were ahead of pre-pandemic levels⁷, an encouraging sign that consumers will continue to choose our products.

We continued to advance our value capture efforts, initiating the transition of our existing SAP enterprise resource planning system in the businesses that were part of the Snyder's-Lance acquisition. This integration will streamline and improve our capabilities and provide us with valuable insights as we continue to grow the business. We invested in a number of capital projects to meet the growing demand for snack products, adding capacity on *Goldfish* crackers, *Cape Cod* and *Kettle Brand* potato chips and *Milano* cookies, demonstrating the long-term growth potential of these brands and creating supply chain agility to meet evolving consumer needs.

We continued to adapt to the new environment and deliver innovation, bringing to market new, flavor-forward varieties like *Snyder's of Hanover* Twisted Pretzel Sticks in Jalapeño Ranch, Seasoned and Sour Cream & Onion, as well as *Goldfish* Flavor Blasted Cheddar & Sour Cream and a limited-time partnership with McCormick & Company's Frank's RedHot. We are also meeting the demand for better-for-you options with our new *Late July* Vegetable Tortilla Chips in Red Pepper and Carrot.



Hot Stuff: Our partnership with McCormick & Company's Frank's RedHot produced the No.1 velocity new product in the cracker category in our fourth quarter.⁸

SNACKS POWER BRANDS

Exceptional Two-year Consumption Growth²



In addition, we launched creative integrated marketing campaigns to drive relevance for our brands.

We continued to take important steps to build a unified snacking powerhouse, addressing supply and capacity and delivering new flavors and formats to meet our consumers' desires for elevated snacking experiences that fit into their busy lives. Looking ahead, we are focused on driving and sustaining Snacks growth while improving margins.



GO FOR THE HANDFUL



Driven by the insight that consumers love eating *Goldfish* by the handful, we launched our "Go for the Handful" campaign featuring NBA stars Boban Marjanović and Tobias Harris. The campaign included a TikTok challenge which garnered billions of views, reaching a new adult and all-family audience. The campaign was awarded a Bronze Lion in the Social and Influencer Marketing category at the Cannes Lions International Festival of Creativity.

7. IRI Total US All Outlets; NBD Dollars latest 52 weeks ending 8/1/2021

8. Total IRI US MULO, \$/MM ACV, Total Cracker Category, latest 13 weeks ending 8/1/2021



FUEL INVESTMENTS AND MARGINS WITH TARGETED COST SAVINGS

In fiscal 2021, we continued to strengthen our balance sheet, generating \$1 billion in cash flow from operations and providing a strong foundation from which to make capital allocation decisions. Our capital allocation priorities remain unchanged as we continue to prioritize organic investment to drive profitable growth, paying a competitive dividend, maintaining a healthy balance sheet and pursuing strategic mergers and acquisitions.

Our supply chain showed tremendous resilience in adapting to the unprecedented surge in demand at the outset of the pandemic, while increasing capacity and maximizing efficiency. Now, we are taking the learnings from the past year and a half and investing in tools to enhance our capabilities and build a more resilient and agile supply chain to serve our evolving business needs while maximizing efficiency.

We remain on track to deliver our cost-savings target of \$850 million by the end of fiscal 2022. This year, we delivered \$80 million of incremental savings, with the majority of the savings from the Snyder's-Lance integration. This brings our program-to-date total cost savings for continuing operations to \$805 million.

In December 2020, our Board of Directors approved a 6% increase in our quarterly dividend, and in June 2021, authorized a new anti-dilutive share repurchase program of \$250 million to offset the impact of dilution from shares issued under our stock compensation programs. This was followed in September 2021 by an authorization for a \$500 million strategic share repurchase program to replace the suspended \$1.5 billion repurchase program which was cancelled. These actions reflect the confidence in our long-term growth prospects and our ongoing commitment to shareholder returns.

\$80 MILLION
in cost savings
achieved in FY 2021

COST-SAVINGS PROGRAM for Continuing Operations



DELIVER ON THE PROMISE OF OUR PURPOSE

Campbell was founded as a company committed to making good, honest and affordable food that people love. For more than 150 years, we have expressed our purpose in different ways to reflect the evolution of our business and the market, but it has always included connecting people through food while having a positive impact on the communities we call home and preserving the resources on the planet we share.

The global health crisis highlighted the integral role Campbell plays in society, from the food we make and the ways we make it to our longstanding commitments to serve the communities where our teams live and work and promote a healthy environment. We are committed to building a resilient food system and making food that improves the world. To advance this commitment, we have prioritized key environmental, social and governance (ESG) areas that are important to us and our stakeholders and where we can continue to drive our legacy of lasting impact. We have organized these focus areas into four key pillars—trusted food, vibrant communities, thriving people and a healthy environment—and our governance and ethics practices support it all.

Our ESG Framework



Trusted Food

We believe food should be safe, affordable and prepared with care—food people can feel good about eating. We remain committed to helping consumers meet their unique health and well-being needs through delicious and affordable foods. In fiscal 2021, three-quarters of the new product launches in our Meals & Beverages portfolio provided positive nutrition like fiber, vegetables and essential nutrients.



Vibrant Communities

We're passionate about strengthening the communities where our employees live and work and our ingredients are grown. We continue to provide funding to help address the ongoing impacts of the pandemic. To date, our COVID-19 relief and recovery support is more than \$9 million in funds and food. In fiscal 2021, we completed Campbell's Healthy Communities program, a 10-year initiative to improve the health of young people in Camden, N.J. Building on this work, we have launched a new program to improve school nutrition—starting in Camden—with the long-term goal of fostering a school nutrition environment where all students have access to the food they need to thrive.



Thriving People

We want all our employees to have opportunities to thrive. As discussed in the Build a Winning Team and Culture section, we are creating an inclusive, high-performing culture where all employees feel valued and supported to do their best work and can fully unlock their growth potential.



Healthy Environment

We are working toward a healthier environment, focusing on combating climate change, promoting sustainable water supplies, working to eliminate waste and improving packaging circularity. This year, we committed to setting a Science-Based Target to reduce greenhouse gas emissions across our supply chain and joined retailers and food industry peers in the "10x20x30" initiative with the goal of halving food loss and waste by 2030.

Financial Highlights

(dollars in millions, except per share amounts)

	2021	2020	2019
Results of Operations			
Net sales	\$ 8,476	\$ 8,691	\$ 8,107
Gross profit	\$ 2,811	\$ 2,999	\$ 2,693
Percent of net sales	33.2%	34.5%	33.2%
Earnings before interest and taxes	\$ 1,545	\$ 1,107	\$ 979
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1,008	\$ 592	\$ 474
Per share — diluted	\$ 3.30	\$ 1.95	\$ 1.57
Earnings (loss) from discontinued operations	\$ (6)	\$ 1,036	\$ (263)
Per share — diluted	\$ (.02)	\$ 3.41	\$ (.87)
Net earnings attributable to Campbell Soup Company	\$ 1,002	\$ 1,628	\$ 211
Per share — diluted	\$ 3.29	\$ 5.36	\$.70
Other Information			
Net cash provided by operating activities	\$ 1,035	\$ 1,396	\$ 1,398
Capital expenditures	\$ 275	\$ 299	\$ 384
Dividends per share	\$ 1.46	\$ 1.40	\$ 1.40

In 2021, Earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and costs of \$53 million (\$40 million after tax, or \$.13 per share) associated with restructuring and cost savings initiatives; gains of \$165 million (\$126 million after tax, or \$.41 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; a loss of \$11 million (and a gain of \$3 million after tax, or \$.01 per share) on the sale of the Plum baby food and snacks business; pension settlement gains of \$38 million (\$29 million after tax, or \$.10 per share); and 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.

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

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

Reconciliation of GAAP and Non-GAAP Financial Measures

The following information is provided to reconcile certain non-GAAP financial measures disclosed in the preceding pages to reported sales and Earnings from continuing operations. These non-GAAP financial measures are measures of performance not defined by accounting principles generally accepted in the United States and should be considered in addition to, not in lieu of, GAAP reported measures. We believe that presenting certain non-GAAP financial measures facilitates comparison of our historical operating results and trends in our underlying operating results, and provides transparency on how we evaluate our business. For instance, we believe that organic net sales, which exclude the impact of currency, acquisitions, divestitures, and the additional week in 2020, are a better indicator of our ongoing business performance. We also believe that financial information excluding certain transactions not considered to reflect the ongoing operating results improves the comparability of year-to-year earnings results. Consequently, we believe that investors may be able to better understand our earnings results if these transactions are excluded from the results.

	2021			2020			% Change
	As Reported	Impact of Currency	Organic Net Sales	As Reported	Impact of Divestitures	Estimated Impact of 53rd Week	Organic Net Sales
(dollars in millions)	\$ 8,476	\$ (21)	\$ 8,455	\$ 8,691	\$ (48)	\$ (151)	\$ 8,492
Net sales							

	2021			2019			% Change	Two-Year CAGR
	As Reported	Impact of Currency	Organic Net Sales	As Reported	Impact of Divestitures	Organic Net Sales	As Reported	Organic Net Sales
(dollars in millions)	\$ 8,476	\$ (14)	\$ 8,462	\$ 8,107	\$ (155)	\$ 7,952	5%	6%
Net sales								

(reconciliations continued on opposite page)

	2021			2020			2019			EPS % Change	Two-Year CAGR
	Diluted EPS Impact	Diluted EPS Impact	Diluted EPS Impact	Diluted EPS Impact	Pension Settlement Charges	Impairment Charges	Pension Settlement Charges	Impairment Charges	Tax Reform	Adjusted	
Earnings from continuing operations attributable to Campbell Soup Company, as reported	\$ 3.30	\$ 1.95	\$ 1.57								
Restructuring charges, implementation costs and other related costs	.13	.17	.30								
Pension and postretirement benefit mark-to-market adjustments	(.41)	.30	.31								
Charges (gains) associated with divestitures	(.01)	.12	-								
Pension settlement charges (gains)	(.10)	.11	.07								
Deferred tax charge	.06	-	-								
Investment losses	-	.12	-								
Loss on debt extinguishment	-	.19	-								
Impairment charges	-	-	.04								
Tax reform	-	-	.01								
Adjusted Earnings from continuing operations attributable to Campbell Soup Company	\$ 2.98	\$ 2.95	\$ 2.30	1%						14%	

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

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

BOARD OF DIRECTORS
(as of October 2021)

Keith R. McLoughlin
Chair of the Board of Campbell Soup Company
Former Chief Executive Officer of AB Electrolux

Mark A. Clouse
President and Chief Executive Officer of
Campbell Soup Company

Fabiola R. Arredondo
Managing Partner of Siempre Holdings

Howard M. Averill
Former Executive Vice President and Chief Financial Officer
of Time Warner Inc.

John P. (JP) Bilbrey
Retired Chairman and Chief Executive Officer
of The Hershey Company

Bennett Dorrance
Managing Director and Co-founder of DMB Associates

Maria Teresa (Tessa) Hilado
Former Executive Vice President and Chief Financial Officer
of Allergan plc

Grant H. Hill
Co-owner and Vice Chairman, Atlanta Hawks

Sarah Hofstetter
President, Profitero, Ltd.

Marc B. Lautenbach
President and Chief Executive Officer of Pitney Bowes Inc.

Mary Alice D. Malone
President of Iron Spring Farm, Inc.

Kurt T. Schmidt
President and Chief Executive Officer of Cronos Group Inc.

Archbold D. van Beuren
Retired Senior Vice President of Campbell Soup Company

CAMPBELL LEADERSHIP TEAM
(as of October 2021)

Mark A. Clouse*
President and Chief Executive Officer

Mick J. Beekhuizen*
Executive Vice President and Chief Financial Officer

Adam G. Ciongoli*
Executive Vice President, General Counsel, and Chief
Sustainability, Corporate Responsibility and Governance Officer

Elizabeth M. M. Duggan
Senior Vice President, Transformation Office

Christopher D. Foley*
Executive Vice President and President, Meals & Beverages

Robert J. Furbee*
Executive Vice President, Global Supply Chain

Valerie J. Oswalt*
Executive Vice President and President, Snacks

Camille C. Pierce
Senior Vice President, Chief Culture Officer and Head of Talent

Anthony J. Sanzio
Senior Vice President, Communications and Public Affairs

Craig S. Slavtcheff*
Executive Vice President, Chief R&D and Innovation Officer

*Executive Officers

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

For the Fiscal Year Ended

August 1, 2021

Commission File Number

1-3822



CAMPBELL SOUP COMPANY

New Jersey
State of Incorporation

21-0419870
I.R.S. Employer Identification No.

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

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

Based on the closing price on the New York Stock Exchange on January 29, 2021 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of capital stock held by non-affiliates of the registrant was approximately \$9,319,572,891. There were 301,517,743 shares of capital stock outstanding as of September 15, 2021.

Portions of the Registrant's Proxy Statement for the 2021 Annual Meeting of Shareholders are incorporated by reference into Part III.

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PART I

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

Item 1. Business

The Company

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

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

Business Acquisitions and Divestitures

In 2018, we acquired Pacific Foods of Oregon, LLC and Snyder's-Lance, Inc. (Snyder's-Lance).

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

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

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

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

In the fourth quarter of 2021, we completed the sale of our Plum baby food and snacks business. The results of the Plum baby food and snacks business through the date of sale were reflected in continuing operations within the Meals & Beverages reportable segment.

See Note 3 to the Consolidated Financial Statements for additional information on our divestitures.

Reportable Segments

Our reportable segments are:

- Meals & Beverages, which includes the retail and foodservice businesses in the U.S. and Canada. The segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Pacific Foods* broth, soups and non-dairy beverages; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta,

beans and dinner sauces; *Swanson* canned poultry; *V8* juices and beverages; and *Campbell's* tomato juice. The segment also included the results of our Plum baby food and snacks business, which was sold on May 3, 2021; 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 retail and foodservice in the U.S. and Canada. The segment includes the retail business in Latin America. This segment also included the results of our European chips business, which was sold on October 11, 2019. We refer to the * trademarks as our "power brands."

Beginning in 2022, the foodservice and Canadian portion of Snacks will be managed as part of Meals & Beverages. See Note 6 to the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information regarding our reportable segments.

Ingredients and Packaging

The ingredients and packaging materials required for the manufacture of our food and beverage products are purchased from various suppliers, substantially all of which are located in North America. In the later part of 2021 and the early part of 2022, the costs of labor, raw materials, energy, fuel, packaging materials and other inputs necessary for the production and distribution of our products have rapidly increased. In addition, many of these items are subject to price fluctuations from a number of factors, including but not limited to climate change, changes in crop size, cattle cycles, herd and flock disease, crop disease, crop pests, product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, supplier capacities, government-sponsored agricultural programs and other government policy, import and export requirements (including tariffs), drought and excessive rain, temperature extremes and other adverse weather events, water scarcity, scarcity of suitable agricultural land, scarcity of organic ingredients, pandemic illness (such as the COVID-19 pandemic) and other factors that may be beyond our control during the growing and harvesting seasons. To help reduce some of this price volatility, we use a combination of purchase orders, short- and long-term contracts, inventory management practices and various commodity risk management tools for most of our ingredients and packaging. Ingredient inventories are generally at a peak during the late fall and decline during the winter and spring. Since many ingredients of suitable quality are available in sufficient quantities only during certain seasons, we make commitments for the purchase of such ingredients in their respective seasons. In addition, certain of the materials required for the manufacture of our products, including steel and aluminum, have been or may be impacted by tariffs. Although we are unable to predict the impact of our ability to source these ingredients and packaging materials in the future, we expect these supply pressures to continue throughout 2022. We also expect the pressures of input cost inflation to continue into 2022. For information on the impact of inflation, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Customers

In most of our markets, sales and merchandising activities are conducted through our own sales force and/or third-party brokers and distribution partners. Our products are generally resold to consumers through retail food chains, mass discounters, mass merchandisers, club stores, convenience stores, drug stores, dollar stores, e-commerce and other retail, commercial and non-commercial establishments. Each of Pepperidge Farm and Snyder's-Lance also has a direct-store-delivery distribution model that uses independent contractor distributors. We make shipments promptly after acceptance of orders.

Our five largest customers accounted for approximately 46% of our consolidated net sales from continuing operations in 2021, 44% in 2020 and 43% in 2019. Our largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 21% of our consolidated net sales from continuing operations in 2021 and 2020 and 20% in 2019. Both of our reportable segments sold products to Wal-Mart Stores, Inc. or its affiliates. No other customer accounted for 10% or more of our consolidated net sales.

Trademarks and Technology

As of September 15, 2021, we owned over 3,000 trademark registrations and applications in over 160 countries. We believe our trademarks are of material importance to our business. Although the laws vary by jurisdiction, trademarks generally are valid as long as they are in use and/or their registrations are properly maintained and have not been found to have become generic. Trademark registrations generally can be renewed indefinitely as long as the trademarks are in use. We believe that our principal brands, including *Campbell's*, *Cape Cod*, *Chunky*, *Emerald*, *Goldfish*, *Kettle Brand*, *Lance*, *Late July*, *Milano*, *Pace*, *Pacific Foods*, *Pepperidge Farm*, *Pop Secret*, *Prego*, *Snack Factory*, *Snyder's of Hanover*, *Spaghettios*, *Swanson*, and *V8*, are protected by trademark law in the major markets where they are used.

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

Competition

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

Capital Expenditures

During 2021, our aggregate capital expenditures were \$275 million. We expect to spend approximately \$330 million for capital projects in 2022. Major capital projects based on planned spend in 2022 include a chips and cracker capacity expansion for our Snacks business and a new manufacturing line for our Meals & Beverages business.

Government Regulation

The manufacture and sale of consumer food products is highly regulated. In the U.S., our activities are subject to regulation by various federal government agencies, including the Food and Drug Administration, the Department of Agriculture, the Federal Trade Commission, the Department of Labor, the Department of Commerce, the Occupational Safety and Health Administration and the Environmental Protection Agency, as well as various state and local agencies. Our business is also regulated by similar agencies outside of the U.S. We believe that we are in compliance with such laws and regulations in all material respects and do not expect that continued compliance with such laws and regulations will have a material effect on capital expenditures, earnings or our competitive position.

Environmental Matters

We have requirements for the operation and design of our facilities that meet or exceed applicable environmental rules and regulations. Of our \$275 million in capital expenditures made during 2021, approximately \$15 million were for compliance with environmental laws and regulations in the U.S. We further estimate that approximately \$14 million of the capital expenditures anticipated during 2022 will be for compliance with U.S. environmental laws and regulations. We believe that the continued compliance with existing environmental laws and regulations (both within the U.S. and elsewhere) will not have a material effect on capital expenditures, earnings or our competitive position. In addition, we continue to monitor existing and pending environmental laws and regulations within the U.S. and elsewhere relating to climate change and greenhouse gas emissions. While the impact of these laws and regulations cannot be predicted with certainty, we do not believe that compliance with these laws and regulations will have a material effect on capital expenditures, earnings or our competitive position.

Seasonality

Demand for soup products is seasonal, with the fall and winter months usually accounting for the highest sales volume. Demand for our other products is generally evenly distributed throughout the year.

Human Capital Management

A core pillar of our strategic plan is to build a winning team and culture. To do this, we are committed to building a company where everyone can be real, and feel safe, valued and supported to do their best work. We believe that our employees are the driving force behind our success and prioritize attracting, developing and retaining diverse, world-class talent and creating an inclusive culture that embodies our purpose: *Connecting people through food they love*. On August 1, 2021, we had approximately 14,100 employees.

Training, Development and Engagement

We invest in our employees through training and development programs. We have partnered with leading online content experts and have recently increased internal learning development to expand our catalog of courses. A suite of training and education programs are available to employees ranging from role-specific training to education on soft skills to assist them with enhancing their careers through continuous learning. Through objective-setting, individual development plans, learning opportunities, feedback and coaching, employees are encouraged to continue their professional growth. Our education programs allow employees to focus on timely and topical development areas including leadership, management excellence, functional capabilities and inclusion and diversity. We communicate frequently and transparently with our employees through regular company-wide and business unit check-ins, and we conduct employee engagement surveys that provide our employees with an opportunity to share anonymous feedback with management in a variety of areas including confidence in leadership, growth and career opportunities, available resources, compensation and overall engagement. These surveys allow our leaders to develop action plans for their business units as well as the broader organization.

In 2021, we created the Campbell Employee Experience Framework to enhance the foundational moments that are key to an employee's career at our company - from the candidate experience and onboarding through career advancement - with a focus on ways of working and improving culture and inclusivity.

Inclusion and Diversity

We believe that having an inclusive and diverse culture strengthens our ability to recruit talent and allows all employees to thrive and succeed. Diversity of input and perspectives is an essential part of our strategic plan to build a winning team and culture and we are committed to recruiting, retaining and developing a workforce that reflects the diversity of the consumers we serve. In 2021, we accelerated our inclusion and diversity efforts and elevated work in these areas on an enterprise-wise level. We continued to build out the actionable and holistic inclusion and diversity strategy we introduced in 2020 by focusing our refined strategy on three guiding pillars:

- Capabilities - providing resources and tools to employees to build capabilities to build a winning team a culture and to drive systemic change;
- Advocacy - strengthening ally networks by supporting our employees, our partners and the communities where we live and work; and
- Accountability - having individual, management and organizational accountability and transparency about our progress on building an inclusive culture.

We also continue to provide inclusion and diversity training for employees to highlight issues that impact underrepresented communities. Throughout 2021 the board of directors (Board) received regular updates from management on our inclusion and diversity efforts.

Wellness and Safety

Our employees' health, safety and well-being are our top priorities. In response to the emergence of COVID-19, we implemented an enterprise-wise response to ensure safety. We enacted safety and sanitation measures to help ensure employees' health and well-being, embraced remote work for those who were able, and introduced enhanced sanitation, mask use, temperature checks and other protective equipment protocols and social distancing measures for our front-line employees. In addition, our Resources for Living program provides information, education tools and resources to help support our employees' physical, financial, social and emotional well-being. As part of this focus on well-being, we emphasize the need for our employees to embrace healthy lifestyles and we offer a variety of wellness education opportunities for our employees.

Total Rewards

We provide market-based competitive compensation through our salary, annual incentive and long-term incentive programs, and a robust benefits package that promotes the overall well-being of our employees. We provide a variety of resources and services to help our employees plan for retirement and provide a 401(k) plan with immediate vesting. We benchmark and establish compensation structures based on competitive market data. Individual pay is based on various factors such as an employee's role, experience, job location and contributions. Performance discussions for salaried employees are conducted throughout the year to assess contributions and inform individual development plans. We have enhanced our focus on the employee experience by highlighting key moments in the employment life-cycle and providing enhanced communications about our comprehensive offerings.

Websites

Our primary corporate website can be found at www.campbellsoupcompany.com. We make available free of charge at the Investor portion of this website (under the "About Us—Investors—Financials—SEC Filings" caption) all of our reports (including amendments) filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, including our annual report on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K. These reports are made available on the website as soon as reasonably practicable after their filing with, or furnishing to, the Securities and Exchange Commission.

All websites appearing in this Annual Report on Form 10-K are inactive textual references only, and the information in, or accessible through, such websites is not incorporated into this Annual Report on Form 10-K, or into any of our other filings with the Securities and Exchange Commission.

Item 1A. Risk Factors

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

Business and Operational Risks

The COVID-19 pandemic and related ongoing implications could adversely impact our business and results of operations

The COVID-19 pandemic has had, and could continue to have, a negative impact on financial markets, economic conditions, and portions of our industry as a result of changes in consumer behavior, retailer inventory levels, cost inflation, manufacturing and supply chain disruption, and overall macroeconomic conditions. Although our business has benefited from increased at-home consumption due to restrictions related to COVID-19, our ability to sustain heightened sales is dependent on consumer purchasing behavior. The continued availability and effectiveness of vaccines may partially mitigate the risks around the continued spread of COVID-19, however, with the spread of the COVID-19 variants, the ongoing implications of the COVID-19 pandemic could adversely impact our business and results of operations in a number of ways, including but not limited to:

- a shutdown of one or more of our manufacturing, warehousing or distribution facilities, or disruption in our supply chain, including but not limited to, as a result of illness, labor shortages, government restrictions or other workforce disruptions;
- the failure of third parties on which we rely, including but not limited to, those that supply our packaging, ingredients, equipment and other necessary operating materials, co-manufacturers and independent contractors, to meet their obligations to us, or significant disruptions in their ability to do so;
- a strain on our supply chain, which could result from short-term or sustained changes and volatility in consumer purchasing and consumption patterns that increase demand at our retail customers and exceed our production capacity for our products;
- continued volatility in commodity and other input costs, which may not be sufficiently offset by our commodity hedging activities;
- a disruption to our distribution capabilities or to our distribution channels, including those of our suppliers, contract manufacturers, logistics service providers or independent distributors;
- new or escalated government or regulatory responses in markets where we manufacture, sell or distribute our products, or in the markets of third parties on which we rely, could prevent or disrupt our business operations;
- a significant portion of our workforce, including our management team, could become unable to work as a result of illness, or the attention of our management team could be diverted if key employees become ill from COVID-19 and unable to work;
- a change in demand for or availability of our products as a result of retailers, distributors, or carriers modifying their inventory, fulfillment or shipping practices;
- an inability to effectively modify our trade promotion and advertising activities to reflect changing consumer shopping habits due to, among other things, reduced in-store visits and travel restrictions;
- a shift in consumer spending as a result of an economic downturn could result in consumers moving to private label or lower price products; and
- continued business disruptions and uncertainties related to the COVID-19 pandemic for a sustained period of time could result in additional delays or modifications to our strategic plans and other initiatives and hinder our ability to achieve anticipated cost savings and productivity initiatives on the original timelines.

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

If we do not fully realize the expected cost savings and/or operating efficiencies associated with our strategic initiatives, our profitability could suffer

Our future success and earnings growth depend in part on our ability to achieve the appropriate cost structure and operate efficiently in the highly competitive food industry, particularly in an environment of volatile cost inputs. We are pursuing multi-year cost savings initiatives with targeted annualized cost savings of \$850 million for continuing operations by the end of 2022, which includes \$295 million in synergies and run-rate cost savings from our acquisition of Snyder's-Lance. These initiatives require a substantial amount of management and operational resources. Our management team must successfully execute the administrative and operational changes necessary to achieve the anticipated benefits of these initiatives, including the integration of Snyder's-Lance in an efficient and effective manner. In some respects, our plans to achieve these cost savings

continue to be refined. See "Management's Discussion and Analysis of Financial Condition and Results of Operation - Restructuring Charges and Cost Savings Initiatives" for additional information on these initiatives. We also regularly pursue cost productivity initiatives. In addition, we have recently initiated a process to drive operational excellence by transforming our supply chain capabilities to build a more resilient and agile supply chain to serve our evolving business needs while enhancing efficiency. These initiatives are focused on cost savings and productivity opportunities in procurement, manufacturing and logistics. Any failure or delaying in implementing our initiatives in accordance with our plans could adversely affect our ability to meet our long-term growth and profitability expectations and could adversely affect our business.

We may not be able to increase prices to fully offset inflationary pressures on costs, such as raw and packaging materials, labor and distribution costs

As a manufacturer of food and beverage products, we rely on plant labor, distribution resources and raw and packaging materials including tomato paste, grains, beef, poultry, dairy, potatoes and other vegetables, steel, aluminum, glass, paper and resin. In the later part of 2021 and the early part of 2022, the costs of such labor, raw materials, energy, fuel, packaging materials and other inputs necessary for the production and distribution of our products have rapidly increased. In addition, many of these materials are subject to price fluctuations from a number of factors, including but not limited to changes in crop size, cattle cycles, herd and flock disease, crop disease, crop pests, product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, supplier capacities, government-sponsored agricultural programs and other government policy, import and export requirements (including tariffs), drought and excessive rain, temperature extremes and other adverse weather events, water scarcity, scarcity of suitable agricultural land, scarcity of organic ingredients, pandemic illness (such as the COVID-19 pandemic) and other factors that may be beyond our control. Although we are unable to predict the impact on our ability to source materials in the future, we expect these supply pressures to continue into 2022. We also expect the pressures of input cost inflation to continue into 2022.

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

Disruption to our supply chain could adversely affect our business

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

We have experienced temporary workforce disruptions in our supply chain as a result of the COVID-19 pandemic. We have implemented employee safety measures, which exceed guidance from the Centers for Disease Control and Prevention and World Health Organization, across all our supply chain facilities, including proper hygiene, enhanced sanitation, social distancing, mask use, plexiglass dividers, and temperature screenings. Even with these measures, and the availability of vaccines, given the emergence and spread of COVID-19 variants, there is continued risk that COVID-19 may spread through our workforce. Illness, labor shortages, absenteeism, or other workforce disruptions could negatively affect our supply chain, manufacturing, distribution, or other business processes. We may face additional production disruptions in the future, which may place constraints on our ability to produce products in a timely manner or may increase our costs.

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

Our results of operations can be adversely affected by labor shortages, turnover and labor cost increases

Labor is a primary component of operating our business. A number of factors may adversely affect the labor force available to us or increase labor costs, including high employment levels, federal unemployment subsidies, including unemployment benefits offered in response to the COVID-19 pandemic, and other government regulations. Although we have not experienced any material labor shortage to date, we have recently observed an overall tightening and increasingly competitive labor market. A sustained labor shortage or increased turnover rates within our employee base, caused by COVID-19 or as a result of general macroeconomic factors, could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees, and could negatively affect our ability to efficiently operate our manufacturing and distribution facilities and overall business. If we are unable to hire and retain employees capable of performing at a high-level, or if mitigation measures we may take to respond to a decrease in labor availability, such as overtime and third-party outsourcing, have unintended negative effects, our business could be adversely affected. In addition, we distribute our products and receive raw materials primarily by truck. Reduced availability of trucking capacity due to shortages of drivers, primarily as a result of the COVID-19 pandemic, has caused an increase in the cost of transportation for us and our suppliers. An overall labor shortage, lack of skilled labor, increased turnover or labor inflation, caused by COVID-19 or as a result of general macroeconomic factors, could have a material adverse impact on the company's operations, results of operations, liquidity or cash flows.

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

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

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

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

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

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

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

To address the risks to our information technology systems and the associated costs, we maintain an information security program that includes updating technology and security policies, cyber insurance, employee training, and monitoring and routine testing of our information technology systems. We believe that these preventative actions provide adequate measures of protection against security breaches and generally reduce our cybersecurity risks, however, cyber threats are constantly evolving, are becoming more sophisticated and are being made by groups of individuals with a wide range of expertise and

motives, which increases the difficulty of detecting and successfully defending against them. We have experienced threats to our data and systems and although we have not experienced a material incident to date, there can be no assurance that these measures will prevent or limit the impact of a future incident. We may incur significant costs in protecting against or remediating cyberattacks or other cyber incidents.

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

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

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

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

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

- the inability to integrate acquired businesses into our existing operations in a timely and cost-efficient manner, including implementation of enterprise-resource planning systems;
- diversion of management's attention from other business concerns;
- potential loss of key employees, suppliers and/or customers of acquired businesses;
- assumption of unknown risks and liabilities;
- the inability to achieve anticipated benefits, including revenues or other operating results;
- operating costs of acquired businesses may be greater than expected;
- the inability to promptly implement an effective control environment; and
- the risks inherent in entering markets or lines of business with which we have limited or no prior experience.

In addition, during the fourth quarter of 2021, we completed the sale of the Plum baby food and snacks business, and we may undertake other divestitures in the future. Any other businesses we decide to divest in the future may depend in part on our ability to identify suitable buyers, negotiate favorable financial and other contractual terms and obtain all necessary regulatory approvals on the terms expected. Potential risks of divestitures may also include:

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

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

Competitive and Industry Risks

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

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

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

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

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

In 2021, our five largest customers accounted for approximately 46% of our consolidated net sales from continuing operations, with the largest customer, Wal-Mart Stores, Inc. and its affiliates, accounting for approximately 21% of our consolidated net sales from continuing operations. There can be no assurance that our largest customers will continue to purchase our products in the same mix or quantities, or on the same terms as in the past. Disruption of sales to any of these customers, or to any of our other large customers, for an extended period of time could adversely affect our business or financial results.

Financial and Economic Risks

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

As of August 1, 2021, we had goodwill of \$3,981 million and other indefinite-lived intangible assets of \$2,549 million. Goodwill and indefinite-lived intangible assets are initially recorded at fair value and not amortized, but are tested for impairment at least annually or more frequently if impairment indicators arise. We test goodwill at the reporting unit level by comparing the carrying value of the net assets of the reporting unit, including goodwill, to the unit's fair value. Similarly, we test indefinite-lived intangible assets by comparing the fair value of the assets to their carrying values. Fair value for both goodwill and other indefinite-lived intangible assets is determined based on a discounted cash flow analysis. If the carrying values of the reporting unit or indefinite-lived intangible assets exceed their fair value, the goodwill or indefinite-lived intangible assets are considered impaired and reduced to fair value. Factors that could result in an impairment include a change in revenue growth rates, operating margins, weighted average cost of capital, future economic and market conditions or assumed royalty rates. We have experienced impairment charges in prior years. See "Significant Accounting Estimates" and Note 3 to the Consolidated Financial Statements for additional information on such impairments. If current expectations for growth rates for sales and profits are not met, or other market factors and macroeconomic conditions that could be affected by the COVID-19 pandemic or otherwise were to change, we may be required in the future to record additional impairment of the

carrying value of goodwill or other indefinite-lived intangible assets, which could adversely affect our financial results and net worth.

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

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

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

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

Legal and Regulatory Risks

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

We are a party to a variety of legal and regulatory proceedings and claims arising out of the normal course of business. See Note 18 to the Consolidated Financial Statements for information regarding reportable legal proceedings. Since these actions are inherently uncertain, there is no guarantee that we will be successful in defending ourselves against such proceedings or claims, or that our assessment of the materiality or immateriality of these matters, including any reserves taken in connection with such matters, will be consistent with the ultimate outcome of such proceedings or claims. In particular, the marketing of food products has come under increased scrutiny in recent years, and the food industry has been subject to an increasing number of proceedings and claims relating to alleged false or deceptive marketing under federal, state and foreign laws or regulations, including claims relating to the presence of heavy metals in food products. Additionally, the independent contractor distribution model, which is used by Pepperidge Farm and Snyder's-Lance, has also come under increased regulatory scrutiny. Our independent contractor distribution model has also been the subject of various class and individual lawsuits in recent years. In the event we are unable to successfully defend ourselves against these proceedings or claims, or if our assessment of the materiality of these proceedings or claims proves inaccurate, our business or financial results may be adversely affected. In addition, our reputation could be damaged by allegations made in proceedings or claims (even if untrue). Furthermore, actions we have taken or may take, as a consequence of the COVID-19 pandemic, may result in investigations, legal claims or litigation against us.

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

The manufacture and marketing of food products is extensively regulated. Various laws and regulations govern the processing, packaging, storage, distribution, marketing, advertising, labeling, quality and safety of our food products, as well as the health and safety of our employees and the protection of the environment. In the U.S., we are subject to regulation by various federal government agencies, including but not limited to the Food and Drug Administration, the Department of Agriculture, the Federal Trade Commission, the Department of Labor, the Department of Commerce, the Occupational Safety and Health Administration and the Environmental Protection Agency, as well as various state and local agencies. We are also regulated by similar agencies outside the U.S.

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

Changes in legal or regulatory requirements (such as new food safety requirements and revised regulatory requirements for the labeling of nutrition facts, serving sizes and genetically modified ingredients), or evolving interpretations of existing legal or

regulatory requirements, may result in increased compliance cost, capital expenditures and other financial obligations that could adversely affect our business and financial results.

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

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

Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business and operations

There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as wheat, tomatoes, potatoes, cashews and almonds. Adverse weather conditions and natural disasters can reduce crop size and crop quality, which in turn could reduce our supplies of raw materials, lower recoveries of usable raw materials, increase the prices of our raw materials, increase our cost of storing and transporting our raw materials, or disrupt production schedules.

We may also be subjected to decreased availability or less favorable pricing for water as a result of such change, which could impact our manufacturing and distribution operations. In addition, natural disasters and extreme weather conditions may disrupt the productivity of our facilities or the operation of our supply chain. The increasing concern over climate change may also result in more regional, federal, and/or global legal and regulatory requirements relating to climate change, including, regulating greenhouse gas emissions, alternative energy policies and sustainability initiatives, including single use plastics. In the event such regulation is enacted and is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions and improve our energy efficiency and other sustainability goals, we may experience significant increases in our costs of operation and delivery. In particular, increasing regulation of utility providers, fuel emissions, or fuel suppliers could substantially increase the distribution and supply chain costs associated with our products. Additionally, consumers and customers may put an increased priority on purchasing products that are sustainably grown and made, requiring us to incur increased costs for additional transparency, due diligence and reporting. As a result, climate change could negatively affect our business and results of operations.

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

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

Inside the U.S.

Arizona	Indiana	Pennsylvania
Goodyear (S)	Jeffersonville (S)	Denver (S)
California	Massachusetts	Downington (S)
Dixon (MB)	Hyannis (S)	Hanover (S)
Stockton (MB)		
Connecticut	North Carolina	Texas
Bloomfield (S)	Charlotte (S)	Paris (MB)
	Maxton (MB)	
Florida	Ohio	Utah
Lakeland (S)	Ashland (S)	Richmond (S)
Georgia	Napoleon (MB)	Wisconsin
Columbus (S)	Willard (S)	Beloit (S)
Illinois	Oregon	Franklin (S)
Downers Grove (S)	Salem (S)	Milwaukee (MB)
	Tualatin (MB)	

MB - Meals & Beverages

S - Snacks

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

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

Item 3. Legal Proceedings

Information regarding reportable legal proceedings is contained in Note 18 to the Consolidated Financial Statements and incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

Information about our Executive Officers

The section below provides information regarding our executive officers as of September 15, 2021:

	Name, Present Title & Business Experience	Age	Year First Appointed Executive Officer
	Mick J. Beekhuizen, Executive Vice President and Chief Financial Officer. Executive Vice President and Chief Financial Officer, Chobani LLC (2016-2019). Executive Vice President and Chief Financial Officer, Education Management Corporation (2013-2016).	45	2020
	Xavier F. Boza, Executive Vice President and Chief Human Resources Officer. Vice President, Human Resources of Campbell Soup Company (2015-2018). Regional Vice President, Human Resources of Kellogg Company (2013-2015).	57	2018
	Adam G. Ciongoli, Executive Vice President, General Counsel and Chief Sustainability, Corporate Responsibility and Governance Officer. Executive Vice President and General Counsel of Lincoln Financial Group (2012-2015).	53	2015
	Mark A. Clouse, President and Chief Executive Officer. Chief Executive Officer of Pinnacle Foods, Inc. (2016-2018). Chief Commercial Officer (2016) and Executive Vice President and Chief Growth Officer (2014-2016) of Mondelez International, Inc.	53	2019
	Christopher D. Foley, Executive Vice President and President, Meals & Beverages. We have employed Mr. Foley in an executive or managerial capacity for at least five years.	49	2019
	Robert J. Furbee, Executive Vice President, Global Supply Chain. We have employed Mr. Furbee in an executive or managerial capacity for at least five years.	59	2017
	Valerie J. Oswalt, Executive Vice President and President, Snacks. Chief Executive Officer, Century Snacks (2018-2020). President, Mondelez North America Confections (2017-2018). President, Mondelez North America Sales (2015-2017).	48	2020
	Craig S. Slavtcheff, Executive Vice President, Chief R&D and Innovation Officer. We have employed Mr. Slavtcheff in an executive or managerial capacity for at least five years.	54	2019

PART II

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

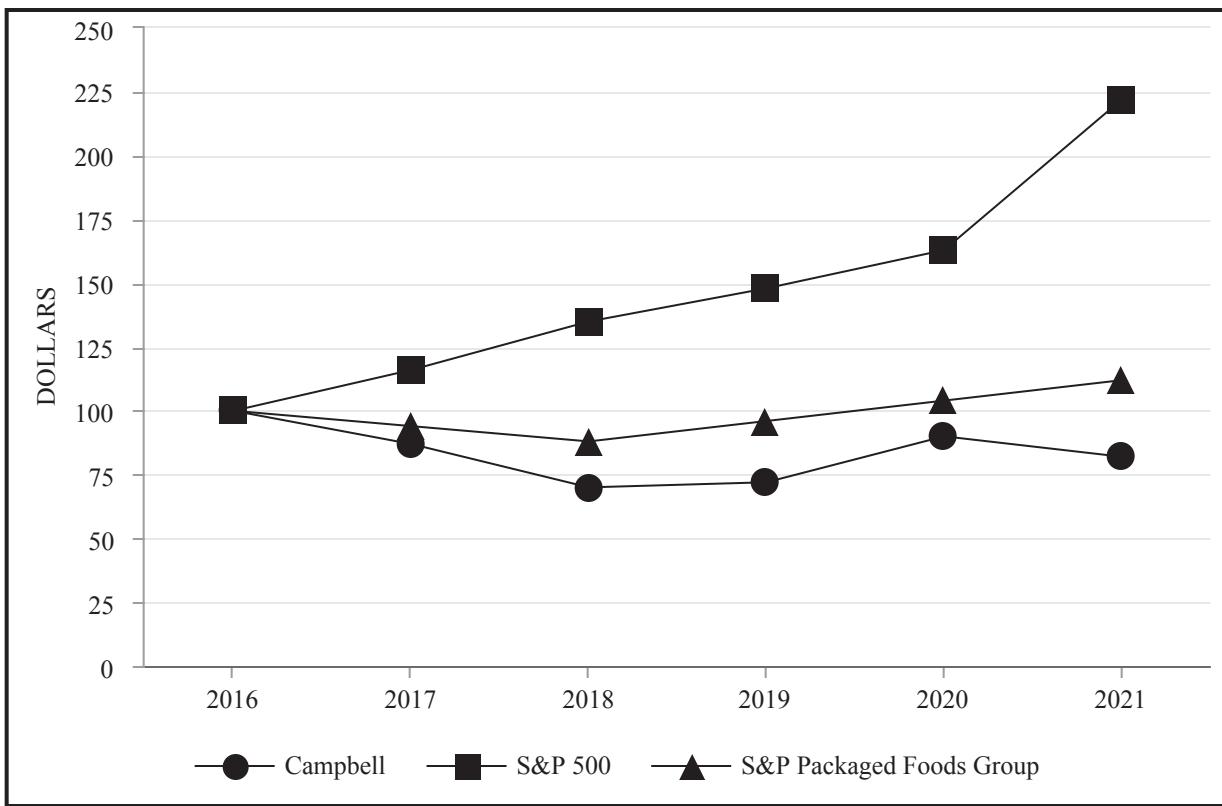
Market for Registrant's Capital Stock

Our capital stock is traded on the New York Stock Exchange under the symbol "CPB." On September 15, 2021, there were 16,311 holders of record of our capital stock.

Return to Shareholders* Performance Graph

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

The following graph compares the cumulative total shareholder return (TSR) on our stock with the cumulative total return of the Standard & Poor's 500 Stock Index (the S&P 500) and the Standard & Poor's Packaged Foods Index (the S&P Packaged Foods Group). The graph assumes that \$100 was invested on July 29, 2016, in each of our stock, the S&P 500 and the S&P Packaged Foods Group, and that all dividends were reinvested. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on August 1, 2021.



* Stock appreciation plus dividend reinvestment.

	2016	2017	2018	2019	2020	2021
Campbell	100	87	70	72	90	82
S&P 500	100	116	135	148	163	222
S&P Packaged Foods Group	100	94	88	96	104	112

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽³⁾	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs (\$ in Millions) ⁽³⁾
5/3/21 - 5/31/21	—	—	—	\$250
6/1/21 - 6/30/21	557,401	\$45.60	557,401	\$225
7/1/21 - 7/30/21	228,832	\$45.78	228,832	\$214
Total	786,233	\$45.65	786,233	\$214

⁽¹⁾ Shares purchased are as of the trade date.

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

⁽³⁾ In June 2021, our Board of Directors authorized an 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 June 2021 program may be made in open-market or privately negotiated transactions. In September 2021, the Board approved a new strategic share repurchase program of up to \$500 million (September 2021 program). The September 2021 program has no expiration date, but may be suspended or discontinued at any time. Repurchases under the September 2021 program may be made in open-market or privately negotiated transactions. The September 2021 program replaces the company's suspended \$1,500 million share repurchase program, which has been cancelled.

Item 6. Reserved

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

OVERVIEW

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

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

Executive Summary

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

In 2021 we continued to adapt and evolve in a dynamic environment as we advanced our strategic plan. In the first part of the fiscal year, as the COVID-19 pandemic reached its peak in many areas across North America, we experienced significantly higher sales for our retail products in both our Meals & Beverages and Snacks segments, especially in retail chains and large grocery supermarkets. This result was attributable to elevated retail demand, as consumers significantly increased their food purchases for at-home consumption, which more than offset the declines in our foodservice business during the same period. We also saw elevated repeat purchase rates and new buyers of our products, especially in our soup business. During the second half of 2021, we experienced lower sales in both our Meals & Beverages and Snacks segments as we began to cycle the demand surge that accompanied the onset of the COVID-19 pandemic, amidst intense market volatility and labor challenges. We also navigated the executional pressures of a significant transformation agenda, primarily in our Snacks division. As we begin to transition out of the COVID-19 environment, we expect that inflation and a constrained labor market will continue to be headwinds but we expect to partially mitigate these headwinds with a pricing strategy and planned productivity and cost saving programs that will allow us to deliver on our strategic initiatives.

Business Divestitures

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

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

In the fourth quarter of 2021, we completed the sale of our Plum baby food and snacks business. The results of the Plum baby food and snacks business through the date of sale were reflected in continuing operations within the Meals & Beverages reportable segment.

See Notes 3 and 6 to the Consolidated Financial Statements for additional information on these divestitures and reportable segments.

Strategy

Our strategy is to accelerate profitable growth by focusing on our core brands in two divisions within North America while delivering on the promise of our purpose - *Connecting people through food they love*. Our strategic plan is based on four pillars:

build a winning team and culture; accelerate profitable growth; fuel investments and margins with targeted cost savings; and deliver on the promise of our purpose all as further discussed below.

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

We believe that we can accelerate our profitable growth model by continuing to grow market share and drive integrated business planning programming throughout the company. We expect to grow market share through the development of more consumer-oriented product quality, marketing and innovation plans and prioritizing growth channels and retailers within our defined portfolio roles. In addition, we expect to continue to focus on accelerating the growth of our Snacks brands while also sustaining the growth in U.S. soup and our other core brands. We expect that changes in consumer behavior driven by the COVID-19 pandemic will result in ongoing elevated consumer demand for food at home, relative to pre-pandemic levels. We plan to capitalize on this opportunity by addressing evolving consumer needs through our unique and differentiated portfolio.

We also expect to fuel investments and margins by mitigating the effects of inflation through pricing and cost productivity initiatives. We implemented price increases beginning in 2022 and continue to pursue our multi-year cost savings initiatives with targeted annualized cost savings of \$850 million for continuing operations by the end of 2022, which includes \$295 million in synergies and run-rate cost savings from our acquisition of Snyder's-Lance, Inc. (Snyder's-Lance). See "Restructuring Charges and Cost Savings Initiatives" for additional information on these initiatives. In addition, we have initiated the process to drive operational excellence by transforming our supply chain capabilities to enhance ways of working to build a more resilient and agile supply chain to serve our evolving business needs while maximizing efficiency.

Business Trends

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

Our strategy is designed, in part, to capture growing consumer preferences for snacking and convenience. For example, we believe that consumers are changing their eating habits by increasing the type and frequency of snacks they consume and are continuing quick-scratch cooking and in-home eating behaviors that were driven by the COVID-19 pandemic.

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

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

We have continued to monitor the impact of the COVID-19 pandemic on all aspects of our business. Throughout the first half of 2021, we experienced an increased demand for our retail products, as consumers significantly increased their food purchases for at-home consumption. In response to increased demand, we took steps, including modifying production schedules and temporarily adjusting product mix, to increase our production capacity to meet the increased demand for our retail products. This demand moderated in the second half of 2021, when we lapped the initial surge in demand at the beginning of the pandemic. We anticipate that 2022 will continue to be a dynamic macroeconomic environment, and expect input cost inflation to be significantly higher than 2021. Pricing actions and supply chain productivity initiatives introduced at the end of 2021 will mitigate a portion of this inflationary pressure, but we do not expect such benefits will fully offset the incremental costs in 2022. There still remains uncertainty around the COVID-19 pandemic and the ultimate impact depends on the severity and duration of the pandemic, including the emergence and spread of COVID-19 variants, the continued availability and effectiveness of vaccines and actions taken by government authorities and other third parties in response to the pandemic.

Summary of Results

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

There were 53 weeks in 2020. There were 52 weeks in 2021 and 2019.

- Net sales decreased 2% in 2021 to \$8,476 million. The impact of the 53rd week in 2020 was approximately 2 points.

- Gross profit, as a percent of sales, decreased to 33.2% in 2021 from 34.5% a year ago. The decrease was primarily due to higher cost inflation and other supply chain costs, as well as unfavorable product mix, partially offset by the benefits from supply chain productivity improvements, lower levels of promotional spending, mark-to-market gains on outstanding commodity hedges in the current year and the benefits of cost savings initiatives.
- Interest expense decreased to \$210 million in 2021 from \$345 million a year ago. The prior year included a loss of \$75 million related to extinguishment of debt. After adjusting for this item, interest expense declined primarily due to lower levels of debt.
- Earnings per share from continuing operations were \$3.30 in 2021, compared to \$1.95 a year ago. The current year included gains of \$.32 and the prior year included expenses of \$1.01 per share from items impacting comparability as discussed below.
- Loss per share from discontinued operations was \$.02 in 2021, compared to Earnings per share of \$3.41 a year ago. The prior year included gains of \$3.29 from items impacting comparability as discussed below.

Net Earnings attributable to Campbell Soup Company - 2021 Compared with 2020

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

Continuing Operations

- In 2021, we recognized gains of \$165 million in Other expenses / (income) (\$126 million after tax, \$.41 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans. In 2020, we recognized losses of \$121 million in Other expenses / (income) (\$92 million after tax, \$.30 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans;
- In 2021, we recognized pension settlement gains in Other expenses / (income) of \$38 million (\$29 million after tax, or \$.10 per share). In 2020, we recognized 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;
- We implemented several cost savings initiatives in recent years. In 2021, we recorded Restructuring charges of \$21 million and implementation costs and other related costs of \$28 million in Administrative expenses, \$3 million in Cost of products sold and \$1 million in Marketing and selling expenses (aggregate impact of \$40 million after tax, or \$.13 per share) related to these initiatives. In 2020, we recorded Restructuring charges of \$9 million and implementation costs and other related costs of \$48 million in Administrative expenses, \$9 million in Cost of products sold, \$2 million in Marketing and selling expenses, and \$1 million in Research and development expenses (aggregate impact of \$52 million after tax, or \$.17 per share) related to these initiatives. See Note 7 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;
- In 2021, we recorded a loss in Other expenses / (income) of \$11 million (and a gain of \$3 million after tax, or \$.01 per share) on the sale of our Plum baby food and snacks business. In 2020, we recorded a loss in Other expenses / (income) of \$64 million (\$37 million after tax, or \$.12 per share) on the sale of our European chips business;
- In 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;
- On April 26, 2020, we entered into an agreement to sell our limited partnership interest in Acre Venture Partners, L.P. (Acre). The transaction closed on May 8, 2020. In the third quarter of 2020, we recorded a loss in Other expenses / (income) of \$45 million (\$35 million after tax, or \$.12 per share) as a result of the pending sale. See Note 14 to the Consolidated Financial Statements for additional information; and
- 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

- In 2020, we recognized 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:

	2021		2020	
(Millions, except per share amounts)	Earnings Impact	EPS Impact	Earnings Impact	EPS Impact
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1,008	\$ 3.30	\$ 592	\$ 1.95
Earnings (loss) from discontinued operations	\$ (6)	\$ (.02)	\$ 1,036	\$ 3.41
Net earnings attributable to Campbell Soup Company ⁽¹⁾	\$ 1,002	\$ 3.29	\$ 1,628	\$ 5.36

Continuing operations:

Pension and postretirement benefit mark-to-market adjustments	\$ 126	\$.41	\$ (92)	\$ (.30)
Pension settlement gains (charges)	29	.10	(33)	(.11)
Restructuring charges, implementation costs and other related costs	(40)	(.13)	(52)	(.17)
Gains (charges) associated with divestitures	3	.01	(37)	(.12)
Deferred tax charge	(19)	(.06)	—	—
Investment losses	—	—	(35)	(.12)
Loss on debt extinguishment	—	—	(57)	(.19)
Impact of items on Earnings from continuing operations ⁽¹⁾	\$ 99	\$.32	\$ (306)	\$ (1.01)

Discontinued operations:

Gains associated with divestitures	\$ —	\$ —	\$ 1,000	\$ 3.29
Impact of items on Earnings (loss) from discontinued operations	\$ —	\$ —	\$ 1,000	\$ 3.29

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

Earnings from continuing operations were \$1,008 million (\$3.30 per share) in 2021, compared to \$592 million (\$1.95 per share) in 2020. After adjusting for items impacting comparability, earnings from continuing operations increased reflecting lower marketing and selling expenses, lower interest expense and higher other income, partially offset by a lower gross profit performance and the decline in sales. The additional week contributed approximately \$.04 per share to Earnings from continuing operations in 2020. Current year earnings included \$50 million (\$38 million after tax, or \$.12 per share) of mark-to-market gains on outstanding commodity hedges.

See "Discontinued Operations" for additional information.

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

In addition to the 2020 items that impacted comparability of Net earnings discussed above, the following items impacted the comparability of net earnings and net earnings per share:

Continuing Operations

- In 2019, we recognized losses of \$122 million in Other expenses / (income) (\$93 million after tax, or \$.31 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans;
- In 2019, we recognized a pension settlement charge in Other expenses / (income) of \$28 million (\$22 million after tax, or \$.07 per share) associated with a U.S. pension plan. The settlement resulted from the level of lump sum distributions from the plan's assets;
- In 2019, we recorded Restructuring charges of \$31 million and implementation costs and other related costs of \$62 million in Administrative expenses, \$18 million in Cost of products sold, \$7 million in Marketing and selling expenses, and \$3 million in Research and development expenses (aggregate impact of \$92 million after tax, or \$.30 per share) related to the cost savings initiatives discussed above. See Note 7 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;
- In 2019, we recorded a tax charge of \$2 million (\$.01 per share) related to a transition tax on unremitted foreign earnings under the enactment of the Tax Cuts and Jobs Act (the Act); and
- In the fourth quarter of 2019, we performed an assessment on the assets within the European chips business and recorded a non-cash impairment charge of \$16 million (\$13 million after tax, or \$.04 per share) on intangible assets in Other expenses / (income).

Discontinued Operations

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

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

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

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

The items impacting comparability are summarized below:

	2020		2019	
(Millions, except per share amounts)	Earnings Impact	EPS Impact	Earnings Impact	EPS Impact
Earnings from continuing operations attributable to Campbell Soup Company	\$ 592	\$ 1.95	\$ 474	\$ 1.57
Earnings (loss) from discontinued operations	\$ 1,036	\$ 3.41	\$ (263)	\$ (.87)
Net earnings attributable to Campbell Soup Company	\$ 1,628	\$ 5.36	\$ 211	\$.70

Continuing operations:

Pension and postretirement benefit mark-to-market adjustments	\$ (92)	\$ (.30)	\$ (93)	\$ (.31)
Pension settlement charges	(33)	(.11)	(22)	(.07)
Restructuring charges, implementation costs and other related costs	(52)	(.17)	(92)	(.30)
Charges associated with divestiture	(37)	(.12)	—	—
Investment losses	(35)	(.12)	—	—
Loss on debt extinguishment	(57)	(.19)	—	—
Tax reform	—	—	(2)	(.01)
Impairment charges	—	—	(13)	(.04)
Impact of items on Earnings from continuing operations ⁽¹⁾	\$ (306)	\$ (1.01)	\$ (222)	\$ (.74)

Discontinued operations:

Gains (charges) associated with divestitures	\$ 1,000	\$ 3.29	\$ (61)	\$ (.20)
Pension benefit mark-to-market adjustments	—	—	(9)	(.03)
Impairment charges	—	—	(287)	(.95)
Impact of items on Earnings (loss) from discontinued operations	\$ 1,000	\$ 3.29	\$ (357)	\$ (1.18)

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

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

See "Discontinued Operations" for additional information.

DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

(Millions)				% Change	
	2021	2020	2019	2021/2020	2020/2019
Meals & Beverages	\$ 4,532	\$ 4,646	\$ 4,252	(2)	9
Snacks	3,944	4,045	3,854	(2)	5
Corporate	—	—	1	—	n/m
	\$ 8,476	\$ 8,691	\$ 8,107	(2)	7

n/m - Not meaningful.

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

2021 versus 2020	Meals & Beverages ⁽²⁾	Snacks ⁽²⁾	Total ⁽²⁾
	(2)%	(2)%	(2)%
Volume and mix	(2)%	(2)%	(2)%
Price and sales allowances	—	1	—
Decreased/(increased) promotional spending ⁽¹⁾	1	1	1
Divestiture	—	(1)	—
Estimated impact of 53 rd week	(2)	(2)	(2)
	(2)%	(2)%	(2)%

2020 versus 2019

	Meals & Beverages ⁽²⁾	Snacks	Total
Volume and mix	8%	6%	7%
Price and sales allowances	1	—	—
Decreased/(increased) promotional spending ⁽¹⁾	(1)	—	(1)
Divestiture	—	(3)	(1)
Estimated impact of 53 rd week	2	2	2
	9%	5%	7%

⁽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 2021, Meals & Beverages sales decreased 2%. Excluding the impact of the 53rd week, sales decreased primarily due to declines in foodservice, partially offset by gains in V8 beverages. Foodservice sales were negatively impacted by shifts in consumer behavior and continued COVID-19 related restrictions. Including a 1-point impact from the additional week, sales of U.S. soup decreased 1% due to declines in condensed soups and ready-to-serve soups, partially offset by gains in broth.

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

In 2021, Snacks sales decreased 2%. Excluding the impact of the 53rd week and the divestiture of the European chips business, sales were comparable driven by volume declines mostly offset by lower levels of promotional spending as well as favorable price and sales allowances. Declines in Lance sandwich crackers and partner brands were mostly offset by gains in salty snacks, including Late July snacks and Snack Factory pretzel crisps, and in Goldfish crackers. Partner brands consist of third-party branded products that we sell.

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

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, decreased by \$188 million in 2021 from 2020 and increased by \$306 million in 2020 from 2019. As a percent of sales, gross profit was 33.2% in 2021, 34.5% in 2020 and 33.2% in 2019.

The 1.3 percentage-point decrease and the 1.3 percentage-point increase in gross profit percentage in 2021 and 2020, respectively, were due to the following factors:

	Margin Impact	
	2021	2020
Cost inflation, supply chain costs and other factors ⁽¹⁾	(3.4)	(0.8)
Mix	(0.2)	0.7
Price and sales allowances	(0.1)	0.3
Lower restructuring-related costs	0.1	0.1
Lower/(higher) level of promotional spending	0.8	(0.4)
Productivity improvements	1.5	1.4
	(1.3)%	1.3%

⁽¹⁾ 2021 includes an estimated positive margin impact of a 0.6 benefit from the change in mark-to-market adjustments on outstanding commodity hedges and 0.5 from the benefit of cost savings initiatives, which were more than offset by cost inflation and other factors. 2020 includes an estimated positive margin impact of 1.3 from the benefit of cost savings initiatives and operating leverage, which was more than offset by cost inflation and other factors, including the impact of COVID-19.

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 9.6% in 2021, 10.9% in 2020 and 10.4% in 2019. Marketing and selling expenses decreased 14% in 2021 from 2020. The decrease was primarily due to lower advertising and consumer promotion expense (approximately 7 percentage points); increased benefits from cost savings initiatives (approximately 2 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). The decrease in advertising and consumer promotion expense was primarily due to elevated levels in the prior year.

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

Administrative Expenses

Administrative expenses as a percent of sales were 7.1% in 2021, 7.2% in 2020 and 7.5% in 2019. Administrative expenses decreased 4% in 2021 from 2020. The decrease was primarily due to lower incentive compensation (approximately 4 percentage points); lower costs associated with cost savings initiatives (approximately 3 percentage points); increased benefits from cost savings initiatives (approximately 2 percentage points) and higher charitable contributions in the prior year (approximately 2 percentage points), partially offset by higher information technology costs (approximately 4 percentage points); higher inflation and other factors (approximately 2 percentage points) and higher benefit-related costs (approximately 1 percentage point).

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

Other Expenses / (Income)

Other income in 2021 included the following:

- \$285 million of net periodic benefit income, including gains of \$165 million on pension and postretirement benefit mark-to-market adjustments and pension settlement gains of \$38 million;
- \$27 million of income from transition services fees;
- \$42 million of amortization of intangible assets; and
- \$11 million loss on the sale of the Plum baby food and snacks business.

Other expenses in 2020 included the following:

- \$73 million of net periodic benefit expense, including losses of \$121 million on pension and postretirement benefit mark-to-market adjustments and pension settlement charges of \$43 million;
- \$64 million loss on the sale of the European chips business;
- \$45 million loss on Acre;
- \$43 million of amortization of intangible assets; and
- \$10 million of income from transition services fees.

Other expenses in 2019 included the following:

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

Operating Earnings

Segment operating earnings decreased 6% in 2021 from 2020 and increased 8% in 2020 from 2019.

An analysis of operating earnings by segment follows:

	% Change				
	2021	2020	2019	2021/2020	2020/2019
(Millions)					
Meals & Beverages	\$ 899	\$ 983	\$ 895	(9)	10
Snacks	537	551	522	(3)	6
	1,436	1,534	1,417	(6)	8
Corporate income (expense)	130	(418)	(407)		
Restructuring charges ⁽¹⁾	(21)	(9)	(31)		
Earnings before interest and taxes	\$ 1,545	\$ 1,107	\$ 979		

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

Operating earnings from Meals & Beverages decreased 9% in 2021 versus 2020. The decrease was primarily due to lower gross profit performance and sales declines, partially offset by lower marketing and selling expenses and administrative expenses. Gross profit performance was impacted by higher cost inflation and other supply chain costs, as well as unfavorable product mix, partially offset by the benefits of supply chain productivity improvements and lower levels of promotional activity.

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

Operating earnings from Snacks decreased 3% in 2021 versus 2020. The decrease was primarily due to lower gross profit performance and sales declines, partially offset by lower marketing and selling expenses. Gross profit performance was impacted by higher cost inflation and other supply chain costs, partially offset by the benefits of supply chain productivity improvements and cost savings initiatives as well as lower levels of promotional spending.

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

Corporate income in 2021 included the following:

- \$165 million of gains on pension and postretirement benefit mark-to-market adjustments;
- pension settlement gains of \$38 million;
- costs of \$32 million related to the cost savings initiatives; and
- a loss of \$11 million from the sale of the Plum baby food and snacks business.

Corporate expense in 2020 included the following:

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

Corporate expense in 2019 included the following:

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

Excluding these amounts, the remaining change from 2020 to 2021 was primarily due to \$50 million of mark-to-market gains on outstanding commodity hedges in the current year.

Excluding these amounts, the remaining decrease in costs in 2020 from 2019 was primarily due to higher other income and lower administrative expenses.

Interest Expense

Interest expense decreased to \$210 million in 2021 from \$345 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.

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

Taxes on Earnings

The effective tax rate was 24.6% in 2021, 22.7% in 2020 and 24.2% in 2019.

The increase in the effective tax rate in 2021 from 2020 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 \$27 million tax benefit on the \$64 million loss on the sale of the European chips business in the prior year.

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

Two-Year Comparison of Results from Continuing Operations - 2021 versus 2019

With the continued impact from the COVID-19 pandemic in 2021, we experienced significantly higher sales of our retail products in both our Meals & Beverages and Snacks segments as consumers increased food purchases for at-home consumption. For additional context on our net sales performance and earnings from continuing operations performance,

including items impacting comparability as previously discussed, see below for comparison of our current results to 2019, before the pandemic.

Net sales increased 5% to \$8,476 million in 2021 from \$8,107 million in 2019. An analysis of net sales by reportable segment follows:

(Millions)	% Change			
	2021	2019	2021/2019	Impact of Divestitures
Meals & Beverages	\$ 4,532	\$ 4,252	7	(1)
Snacks	3,944	3,854	2	(3)
Corporate	—	1	n/m	n/m
	\$ 8,476	\$ 8,107	5	(2)

n/m - Not meaningful.

Earnings from continuing operations and the items impacting comparability are summarized below:

(Millions, except per share amounts)	2021		2019		Recognized as of August 1, 2021
	Earnings Impact	EPS Impact	Earnings Impact	EPS Impact	
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1,008	\$ 3.30	\$ 474	\$ 1.57	
Continuing operations:					
Pension and postretirement benefit mark-to-market adjustments	\$ 126	\$.41	\$ (93)	\$ (.31)	
Pension settlement gains (charges)	29	.10	(22)	(.07)	
Restructuring charges, implementation costs and other related costs	(40)	(.13)	(92)	(.30)	
Gains associated with divestiture	3	.01	—	—	
Deferred tax charge	(19)	(.06)	—	—	
Tax reform	—	—	(2)	(.01)	
Impairment charges	—	—	(13)	(.04)	
Impact of items on Earnings from continuing operations ⁽¹⁾	\$ 99	\$.32	\$ (222)	\$ (.74)	

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

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.

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

(Millions, except per share amounts)	2021	2020	2019	Recognized as of August 1, 2021
Restructuring charges	\$ 21	\$ 9	\$ 31	\$ 259
Administrative expenses	28	48	62	339
Cost of products sold	3	9	18	79
Marketing and selling expenses	1	2	7	13
Research and development expenses	—	1	3	4
Total pre-tax charges	\$ 53	\$ 69	\$ 121	\$ 694
Aggregate after-tax impact	\$ 40	\$ 52	\$ 92	
Per share impact	\$.13	\$.17	\$.30	

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

(Millions)	Recognized as of August 1, 2021
Severance pay and benefits	\$ 222
Asset impairment/accelerated depreciation	82
Implementation costs and other related costs	390
Total	\$ 694

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

(Millions)	Recognized as of August 1, 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.

The total estimated pre-tax costs for actions associated with continuing operations are approximately \$710 million to \$730 million. This estimate will be updated as costs continue to be developed. The majority of the remaining costs will be incurred in 2022.

We expect the costs for actions associated with continuing operations 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 \$405 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 31%; Snacks - approximately 45%; and Corporate - approximately 24%.

Of the aggregate \$710 million to \$730 million of pre-tax costs associated with continuing operations, we expect approximately \$610 million to \$630 million will be cash expenditures. In addition, we expect to invest approximately \$435 million in capital expenditures through 2022, of which we invested \$401 million as of August 1, 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 fund the costs through cash flows from operations and short-term borrowings.

We expect the initiatives for actions associated with continuing operations, once all phases are implemented, to generate annual ongoing savings of approximately \$850 million by the end of 2022. The annual pre-tax savings associated with continuing operations generated were as follows:

(Millions)	2021	2020	2019	2018	2017	2016	2015
Total pre-tax savings	\$ 805	\$ 725	\$ 560	\$ 395	\$ 325	\$ 215	\$ 85

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

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

(Millions)	2021	Costs Incurred to Date
Meals & Beverages	\$ 3	\$ 223
Snacks	48	299
Corporate	2	172
Total	\$ 53	\$ 694

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

Discontinued Operations

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

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

Results of discontinued operations were as follows:

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

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 sale of Campbell International.

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

The sale of the Arnott's and other international operations resulted in a substantial capital gain for tax purposes. We were able to utilize capital losses in 2020, which were offset with valuation allowances as of July 28, 2019, to offset the capital gain.

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

In 2019, we recorded non-cash impairment charges of \$360 million (\$275 million after tax, or \$.91 per share) on the reporting units in Campbell Fresh. See "Significant Accounting Estimates" for additional information.

LIQUIDITY AND CAPITAL RESOURCES

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

We generated cash flows from operations of \$1,035 million in 2021, compared to \$1,396 million in 2020. The decline in 2021 was primarily due to changes in working capital, mostly from a significant increase in accounts payable in the prior year and lower accrued liabilities in the current year.

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

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 \$119 million as of August 1, 2021, and \$690 million as of August 2, 2020. Total debt maturing within one year was \$48 million as of August 1, 2021, and \$1,202 million as of August 2, 2020.

Capital expenditures were \$275 million in 2021, \$299 million in 2020 and \$384 million in 2019. Capital expenditures in 2021 were lower than 2020 due to capital expenditures associated with discontinued operations in 2020. Capital expenditures in 2020 were lower than 2019 reflecting delays in certain projects impacted by the spread of the COVID-19 pandemic. Capital expenditures are expected to total approximately \$330 million in 2022. Capital expenditures in 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. Capital expenditures in 2020 included the implementation of our existing SAP enterprise-resource planning system for Snyder's-Lance, a *Milano* cookie capacity expansion project, chip capacity expansion projects, and a *Goldfish* cracker capacity expansion project. Capital expenditures in 2019 included a U.S. warehouse optimization project, replacement of a Pepperidge Farm refrigeration system, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, a Snyder's-Lance regional distribution center, a *Milano* cookie capacity expansion project, and a *Goldfish* cracker capacity expansion project.

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.

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

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

We completed the sale of the Arnott's and other international operations on December 23, 2019, for \$2,286 million. The purchase price was subject to certain post-closing adjustments, which resulted in \$4 million of additional proceeds in the third quarter of 2020. We used the net proceeds from the sale to reduce our debt through a series of actions. On December 31, 2019, we repaid the \$100 million outstanding balance on our senior unsecured term loan facility. On January 22, 2020, we completed the redemption of all \$500 million outstanding aggregate principal amount of our 4.25% Senior Notes due 2021. 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.

On May 3, 2021, we completed the sale of our Plum baby food and snacks business for \$101 million, subject to certain post-closing adjustments.

Dividend payments were \$439 million in 2021, \$426 million in 2020 and \$423 million in 2019. Annual dividends declared were \$1.46 per share in 2021, and \$1.40 per share in 2020 and in 2019. The 2021 fourth quarter dividend was \$.37 per share.

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. We repurchased approximately 1 million shares at a cost of \$36 million in 2021 under the June 2021 program. In September 2021, the Board approved a new strategic share repurchase program of up to \$500 million (September 2021 program). The September 2021 program has no expiration date, but may be suspended or discontinued at any time. Repurchases under the September 2021 program may be made in open-market or privately negotiated transactions. The September 2021 program replaces the suspended \$1,500 million share repurchase program, which has been cancelled. See Note 16 to the Consolidated Financial Statements and "Market for Registrant's Capital Stock, Related Shareholder Matters and Issuer Purchases of Equity Securities" 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 a revolving credit facility.

In March 2021, we repaid our 3.30% \$321 million notes and floating rate \$400 million notes, and in May 2021, we repaid our 8.875% \$200 million notes. The repayments were funded with available cash and commercial paper issuances.

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 August 1, 2021, we had \$48 million of short-term borrowings due within one year, of which \$37 million was comprised of commercial paper borrowings. As of August 1, 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. This facility remained unused at August 1, 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.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

Contractual Obligations

The following table summarizes our obligations and commitments to make future payments under certain contractual obligations as of August 1, 2021. For additional information on debt, see Note 12 to the Consolidated Financial Statements. Purchase commitments represent purchase orders and long-term purchase arrangements related to the procurement of ingredients, supplies, machinery, equipment and services. These commitments are not expected to have a material impact on liquidity. Other long-term liabilities primarily represent payments related to deferred compensation obligations. For additional information on other long-term liabilities, see Note 19 to the Consolidated Financial Statements.

(Millions)	Contractual Payments Due by Fiscal Year				
	Total	2022	2023-2024	2025-2026	Thereafter
Debt obligations ⁽¹⁾	\$ 5,096	\$ 48	\$ 1,030	\$ 1,155	\$ 2,863
Interest payments ⁽²⁾	2,056	184	318	245	1,309
Derivative payments ⁽³⁾	3	3	—	—	—
Operating leases ⁽⁴⁾	255	59	87	46	63
Purchase commitments	1,335	1,079	190	66	—
Other long-term payments ⁽⁵⁾	142	—	64	30	48
Total	\$ 8,887	\$ 1,373	\$ 1,689	\$ 1,542	\$ 4,283

- (1) Excludes unamortized net discount/premium on debt issuances and debt issuance costs. For additional information on debt obligations, see Note 12 to the Consolidated Financial Statements.
- (2) Includes interest payments on long-term debt and finance leases.
- (3) Represents payments of foreign exchange forward contracts.
- (4) For additional information on operating leases, see Note 10 to the Consolidated Financial Statements.
- (5) Represents other long-term liabilities, excluding unrecognized tax benefits, postretirement benefits and payments related to pension plans. For additional information on pension and postretirement benefits, see Note 9 to the Consolidated Financial Statements. For additional information on unrecognized tax benefits, see Note 11 to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements and Other Commitments

We guarantee approximately 4,900 bank loans made to independent contractor distributors by third-party financial institutions for the purchase of distribution routes. The maximum potential amount of the future payments under existing guarantees we could be required to make is \$488 million as of August 1, 2021. Our guarantees are indirectly secured by the distribution routes. We do not expect that we will be required to make material guarantee payments as a result of defaults on the bank loans guaranteed.

INFLATION

We are exposed to the impact of inflation on our cost of products sold. We use a number of strategies to mitigate the effects of cost inflation including increasing prices, commodity hedging and pursuing cost productivity initiatives. We experienced higher inflation in 2021, and expect to experience increased inflation in 2022. Pricing actions and supply chain productivity initiatives introduced at the end of 2021 will mitigate a portion of this inflationary pressure, but we do not expect such benefits will fully offset the incremental costs in 2022.

MARKET RISK SENSITIVITY

The principal market risks to which we are exposed are changes in foreign currency exchange rates, interest rates and commodity prices. In addition, we are exposed to equity price changes related to certain deferred compensation obligations. We manage our exposure to changes in interest rates by optimizing the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps in order to maintain our variable-to-total debt ratio within targeted guidelines. We manage our foreign currency exposures by utilizing foreign exchange forward contracts. We enter into foreign exchange forward contracts for periods consistent with related underlying exposures, and the contracts do not constitute positions independent of those exposures. We do not enter into derivative contracts for speculative purposes and do not use leveraged instruments.

We principally use a combination of purchase orders and various short- and long-term supply arrangements in connection with the purchase of raw materials, including certain commodities and agricultural products. We also enter into commodity futures, options and swap contracts to reduce the volatility of price fluctuations of wheat, soybean oil, diesel fuel, natural gas, aluminum, cocoa, soybean meal, corn and butter.

The information below summarizes our market risks associated with debt obligations and other significant financial instruments as of August 1, 2021. Fair values included herein have been determined based on quoted market prices or pricing models using current market rates. The information presented below should be read in conjunction with Notes 12, 13 and 15 to the Consolidated Financial Statements.

The following table presents principal cash flows and related interest rates by fiscal year of maturity for debt obligations. Interest rates disclosed on variable-rate debt represent the weighted-average rates at August 1, 2021.

(Millions) Debt ⁽¹⁾	Expected Fiscal Year of Maturity						Total	Fair Value
	2022	2023	2024	2025	2026	Thereafter		
Fixed rate	\$ 11	\$ 1,025	\$ 5	\$ 1,152	\$ 3	\$ 2,863	\$ 5,059	\$ 5,576
Weighted-average interest rate	0.89 %	3.12 %	0.79 %	3.77 %	0.56 %	3.80 %	3.65 %	
Variable rate	\$ 37	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 37	\$ 37
Weighted-average interest rate	0.22 %	— %	— %	— %	— %	— %	— %	0.22 %

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

As of August 2, 2020, fixed-rate debt of approximately \$5,560 million with an average interest rate of 3.83% and variable-rate debt of approximately \$680 million with an average interest rate of 1.42% were outstanding.

We are exposed to foreign exchange risk, primarily the Canadian dollar, related to third-party transactions and intercompany transactions. We utilize foreign exchange forward purchase and sale contracts to hedge these exposures. The notional amounts of the contracts as of August 1, 2021, and August 2, 2020, were \$147 million and \$183 million, respectively. The aggregate fair value of all contracts was a loss of \$2 million as of August 1, 2021, and a loss of \$1 million as of August 2, 2020. A hypothetical 10% fluctuation in exchange rates would impact the fair value of our outstanding foreign exchange contracts by \$17 million as of August 1, 2021, and \$20 million as of August 2, 2020, which would generally be offset by inverse changes on the underlying hedged items.

We enter into commodity futures, options and swap contracts, and a supply contract under which prices for certain raw materials are established based on anticipated volume requirements to reduce the volatility of price fluctuations for commodities. As of August 1, 2021, the total notional amount of the contracts was \$246 million, and the aggregate fair value of these contracts was a gain of \$53 million. As of August 2, 2020, the total notional amount of these contracts was \$171 million, and the aggregate fair value of these contracts was a loss of \$2 million. A hypothetical 10% fluctuation in commodity prices would impact the fair value of our outstanding commodity contracts by \$30 million as of August 1, 2021, and \$17 million as of August 2, 2020, which would generally be offset by inverse changes on the underlying hedged items.

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. As of June 2021, we no longer hedge our exposure linked to the total return of our capital stock. The notional amount of the contracts was \$29 million as of August 1, 2021, and \$22 million as of August 2, 2020. The fair value of these contracts was a gain of \$3 million as of August 1, 2021, and a gain of \$4 million as of August 2, 2020. A hypothetical 10% fluctuation in equity price changes would impact the fair value of our outstanding swap contracts by \$3 million as of August 1, 2021, and August 2, 2020, which would generally be offset by inverse changes on the underlying hedged items.

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

SIGNIFICANT ACCOUNTING ESTIMATES

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

Trade and consumer promotion programs — We offer various sales incentive programs to customers and consumers, such as feature price discounts, in-store display incentives, cooperative advertising programs, new product introduction fees, and coupons. The mix between these forms of variable consideration, which are classified as reductions in revenue and recognized upon sale, and advertising or other marketing activities, which are classified as marketing and selling expenses, fluctuates between periods based on our overall marketing plans. The measurement and recognition of the costs for trade and consumer promotion programs involves the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors, including expected volume. Typically, programs that are offered have a very short duration. Historically, the difference between actual experience compared to estimated redemptions and performance has not been significant to the quarterly or annual financial statements. Differences between estimates and actual costs are recognized as a change in estimate in a subsequent period. However, actual expenses may differ if the level of redemption rates and performance were to vary from estimates.

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

Goodwill and intangible assets deemed to have indefinite lives are not amortized but rather are tested at least annually for impairment, or more often if events or changes in circumstances indicate that more likely than not the carrying amount of the asset may not be recoverable. Goodwill is tested for impairment at the reporting unit level. A reporting unit represents an operating segment or a component of an operating segment. Goodwill is tested for impairment by either performing a qualitative evaluation or a quantitative test. The qualitative evaluation is an assessment of factors to determine whether it is

more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. We may elect not to perform the qualitative assessment for some or all reporting units and perform a quantitative impairment test. Fair value is determined based on discounted cash flow analyses. The discounted estimates of future cash flows include significant management assumptions such as revenue growth rates, operating margins, weighted average costs of capital, and future economic and market conditions. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired and an impairment charge will be recorded to reduce the reporting unit to fair value.

Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Fair value is determined using a relief from royalty valuation method based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average costs of capital, and assumed royalty rates. If the carrying value exceeds fair value, an impairment charge will be recorded to reduce the asset to fair value.

2021 Assessments

Continuing Operations

As of August 1, 2021, the carrying value of goodwill was \$3,981 million. Based on our assessments, all of our reporting units fair values significantly exceeded their carrying values.

As of August 1, 2021, the carrying value of indefinite-lived trademarks was \$2,549 million as detailed below:

(Millions)	Various Other	Snyder's-Lance	Snyder's of Hanover	Lance	Pace	Pacific Foods
Carrying value	\$ 1,007	\$ 620	\$ 350	\$ 292	\$ 280	

Holding all other assumptions constant, changes in the assumptions below would reduce fair value of these trademarks and result in impairment charges of approximately:

(Millions)	Various Other	Snyder's-Lance	Snyder's of Hanover	Lance	Pace	Pacific Foods
1% increase in the weighted-average cost of capital	\$ 10	\$ —	\$ —	\$ —	\$ —	\$ —
1% reduction in revenue growth	\$ 20	\$ —	\$ —	\$ —	\$ —	\$ —
1% decrease in royalty rate	\$ 55	\$ —	\$ —	\$ —	\$ —	\$ —

While the 1% changes in assumptions would not result in impairment charges on certain trademarks as indicated above, some changes would substantially reduce the excess coverage of fair value over carrying value to less than 10% for the *Pace*, *Pacific Foods*, and *Lance* trademarks. The estimates of future cash flows involve considerable management judgment and are based upon assumptions about expected future operating performance, assumed royalty rates, economic conditions, market conditions and cost of capital. Inherent in estimating the future cash flows are uncertainties beyond our control, such as changes in capital markets. The actual cash flows could differ materially from management's estimates due to changes in business conditions, operating performance, and economic conditions.

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

2019 Impairment charges

Discontinued Operations

In the first quarter of 2019, we recorded an impairment charge of \$14 million on the U.S. refrigerated soup plant assets.

On August 30, 2018, we announced plans to pursue the divestiture of our international biscuits and snacks operating segment and the Campbell Fresh operating segment. As we continued to pursue the divestiture of these businesses and as we received initial indications of value, in the second quarter of 2019, we performed interim impairment assessments on the intangible and tangible assets within Campbell Fresh, which included Garden Fresh Gourmet, Bolthouse Farms carrot and carrot ingredients, and Bolthouse Farms refrigerated beverages and salad dressings. As a result, we revised our future outlook for earnings and cash flows for each of these businesses.

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

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

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

Continuing Operations

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

See also Note 5 to the Consolidated Financial Statements for additional information on goodwill and intangible assets.

Pension and postretirement benefits — We provide certain pension and postretirement benefits to employees and retirees. Determining the cost associated with such benefits is dependent on various actuarial assumptions, including discount rates, expected return on plan assets, compensation increases, turnover rates and health care trend rates. Independent actuaries, in accordance with accounting principles generally accepted in the United States, perform the required calculations to determine expense.

The discount rate is established as of our fiscal year-end measurement date. In establishing the discount rate, we review published market indices of high-quality debt securities, adjusted as appropriate for duration. In addition, independent actuaries apply high-quality bond yield curves to the expected benefit payments of the plans. We use a full yield curve approach to estimate service cost and interest cost by applying the specific spot rates along the yield curve used to determine the benefit obligation of the relevant projected cash flows.

The expected return on plan assets is a long-term assumption based upon historical experience and expected future performance, considering our current and projected investment mix. This estimate is based on an estimate of future inflation, long-term projected real returns for each asset class, and a premium for active management. Within any given fiscal period, significant differences may arise between the actual return and the expected return on plan assets. Gains and losses resulting from differences between actual experience and the assumptions are determined at each measurement date.

Net periodic pension and postretirement expense (income) was \$(267) million in 2021, \$93 million in 2020 and \$103 million in 2019.

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

	2021	2020	2019
Pension			
Discount rate for benefit obligations	2.69%	2.47%	3.46%
Expected return on plan assets	5.82%	6.01%	6.85%
Postretirement			
Discount rate for obligations	2.37%	2.15%	3.28%
Initial health care trend rate	6.25%	6.25%	6.25%
Ultimate health care trend rate	4.50%	4.50%	4.50%

Estimated sensitivities to annual net periodic pension and postretirement cost are as follows: a 50-basis-point decline in the discount rate would result in income of approximately \$10 million and would result in an immediate loss recognition of approximately \$113 million. A 50-basis-point reduction in the estimated return on assets assumption would result in expense of approximately \$12 million.

Contributions to pension plans were \$2 million in 2021 and 2020, and \$5 million in 2019. Contributions to pension plans are not expected to be material in 2022.

See also Note 9 to the Consolidated Financial Statements for additional information on pension and postretirement benefits.

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

See also Notes 1 and 11 to the Consolidated Financial Statements for further discussion on income taxes.

RECENT ACCOUNTING PRONOUNCEMENTS

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

CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

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

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

- 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 growing/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;
- the risks related to the availability of, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging and transportation;
- risks related to the effectiveness of our hedging activities and our ability to respond to volatility in commodity prices;
- 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;

- goals and initiatives related to, and the impacts of, climate change, including from weather-related events;
- 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, other 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 7A. Quantitative and Qualitative Disclosure About Market Risk

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

Item 8. Financial Statements and Supplementary Data

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

	2021 52 weeks	2020 53 weeks	2019 52 weeks
Net sales	\$ 8,476	\$ 8,691	\$ 8,107
Costs and expenses			
Cost of products sold	5,665	5,692	5,414
Marketing and selling expenses	817	947	842
Administrative expenses	598	622	610
Research and development expenses	84	93	91
Other expenses / (income)	(254)	221	140
Restructuring charges	21	9	31
Total costs and expenses	6,931	7,584	7,128
Earnings before interest and taxes	1,545	1,107	979
Interest expense	210	345	356
Interest income	1	4	2
Earnings before taxes	1,336	766	625
Taxes on earnings	328	174	151
Earnings from continuing operations	1,008	592	474
Earnings (loss) from discontinued operations	(6)	1,036	(263)
Net earnings	1,002	1,628	211
Less: Net earnings (loss) attributable to noncontrolling interests	—	—	—
Net earnings attributable to Campbell Soup Company	\$ 1,002	\$ 1,628	\$ 211
Per Share — Basic			
Earnings from continuing operations attributable to Campbell Soup Company	\$ 3.33	\$ 1.96	\$ 1.57
Earnings (loss) from discontinued operations	(.02)	3.43	(.87)
Net earnings attributable to Campbell Soup Company	\$ 3.31	\$ 5.39	\$.70
Weighted average shares outstanding — basic	303	302	301
Per Share — Assuming Dilution			
Earnings from continuing operations attributable to Campbell Soup Company	\$ 3.30	\$ 1.95	\$ 1.57
Earnings (loss) from discontinued operations	(.02)	3.41	(.87)
Net earnings attributable to Campbell Soup Company⁽¹⁾	\$ 3.29	\$ 5.36	\$.70
Weighted average shares outstanding — assuming dilution	305	304	302

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

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Comprehensive Income
(millions)

	2021 52 weeks		2020 53 weeks		2019 52 weeks	
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net earnings			\$ 1,002			\$ 1,628
Other comprehensive income (loss):						
Foreign currency translation:						
Foreign currency translation adjustments	\$ 12	\$ —	12	\$ (1)	\$ —	(1) \$ (68) \$ — (68)
Reclassification of currency translation adjustments realized upon disposal of business	—	—	—	206	4	210 2 — 2
Cash-flow hedges:						
Unrealized gains (losses) arising during period	(5)	1	(4)	3	(1)	2 (3) 1 (2)
Reclassification adjustment for (gains) losses included in net earnings	8	(1)	7	—	—	— — — —
Pension and other postretirement benefits:						
Prior service credit arising during the period	—	—	—	—	—	— — — —
Reclassification of prior service credit included in net earnings	(5)	1	(4)	(28)	6	(22) (28) 7 (21)
Other comprehensive income (loss)	\$ 10	\$ 1	\$ 11	\$ 180	\$ 9	\$ 189 \$ (97) \$ 8 (89)
Total comprehensive income (loss)				\$ 1,013		\$ 1,817 \$ 122
Total comprehensive income (loss) attributable to noncontrolling interests				(4)		1
Total comprehensive income (loss) attributable to Campbell Soup Company				\$ 1,017		\$ 1,816 \$ 122

See accompanying Notes to Consolidated Financial Statements.

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

	August 1, 2021	August 2, 2020
Current assets		
Cash and cash equivalents	\$ 69	\$ 859
Accounts receivable, net	595	575
Inventories	933	871
Other current assets	98	80
Total current assets	1,695	2,385
Plant assets, net of depreciation	2,370	2,368
Goodwill	3,981	3,986
Other intangible assets, net of amortization	3,239	3,350
Other assets	449	283
Total assets	\$ 11,734	\$ 12,372
Current liabilities		
Short-term borrowings	\$ 48	\$ 1,202
Payable to suppliers and others	1,070	1,049
Accrued liabilities	576	693
Dividends payable	115	107
Accrued income taxes	5	24
Total current liabilities	1,814	3,075
Long-term debt	5,010	4,994
Deferred taxes	1,051	914
Other liabilities	705	820
Total liabilities	8,580	9,803
Commitments and contingencies		
Campbell Soup Company shareholders' equity		
Preferred stock; authorized 40 shares; none issued	—	—
Capital stock, \$.0375 par value; authorized 560 shares; issued 323 shares	12	12
Additional paid-in capital	414	394
Earnings retained in the business	3,742	3,190
Capital stock in treasury, at cost	(1,021)	(1,023)
Accumulated other comprehensive income (loss)	5	(10)
Total Campbell Soup Company shareholders' equity	3,152	2,563
Noncontrolling interests	2	6
Total equity	3,154	2,569
Total liabilities and equity	\$ 11,734	\$ 12,372

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Cash Flows
(millions)

	2021 52 weeks	2020 53 weeks	2019 52 weeks
Cash flows from operating activities:			
Net earnings	\$ 1,002	\$ 1,628	\$ 211
Adjustments to reconcile net earnings to operating cash flow			
Impairment charges	—	—	393
Restructuring charges	21	9	31
Stock-based compensation	64	61	58
Pension and postretirement benefit expense (income)	(267)	93	103
Depreciation and amortization	317	328	446
Deferred income taxes	137	(6)	14
Net loss (gain) on sales of businesses	11	(975)	32
Loss on extinguishment of debt	—	75	—
Investment losses	—	49	1
Other	86	101	24
Changes in working capital, net of acquisitions and divestitures			
Accounts receivable	(20)	(30)	(11)
Inventories	(77)	(20)	36
Prepaid assets	(28)	(3)	(1)
Accounts payable and accrued liabilities	(164)	145	125
Other	(47)	(59)	(64)
Net cash provided by operating activities	1,035	1,396	1,398
Cash flows from investing activities:			
Purchases of plant assets	(275)	(299)	(384)
Purchases of route businesses	(2)	(11)	(29)
Sales of route businesses	10	11	31
Business acquired, net of cash acquired	—	—	(18)
Sales of businesses, net of cash divested	101	2,537	539
Proceeds from sale of investment	—	30	—
Other	8	4	14
Net cash provided by (used in) investing activities	(158)	2,272	153
Cash flows from financing activities:			
Short-term borrowings, including commercial paper and revolving line of credit	320	5,617	5,839
Short-term repayments, including commercial paper and revolving line of credit	(580)	(6,909)	(6,296)
Long-term borrowings	—	1,000	—
Long-term repayments	(921)	(499)	(702)
Dividends paid	(439)	(426)	(423)
Treasury stock purchases	(36)	—	—
Treasury stock issuances	2	23	—
Payments related to tax withholding for stock-based compensation	(15)	(12)	(8)
Payments related to extinguishment of debt	—	(1,769)	—
Payments of debt issuance costs	—	(12)	(1)
Net cash used in financing activities	(1,669)	(2,987)	(1,591)
Effect of exchange rate changes on cash	2	(1)	(7)
Net change in cash and cash equivalents	(790)	680	(47)
Cash and cash equivalents — beginning of period (including discontinued operations)	859	179	226
Less cash and cash equivalents discontinued operations - end of period	—	—	(148)
Cash and cash equivalents — end of period	\$ 69	\$ 859	\$ 31

See accompanying Notes to Consolidated Financial Statements.

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

Campbell Soup Company Shareholders' Equity									
	Capital Stock			Earnings	Accumulated				
	Issued	In Treasury		Additional Paid-in Capital	Retained in the Business	Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity	
	Shares	Amount	Shares	Amount					
Balance at July 29, 2018	323	\$ 12	(22)	\$ (1,103)	\$ 349	\$ 2,224	\$ (118)	\$ 9	\$ 1,373
Cumulative effect of changes in accounting principle:									
Revenue ⁽¹⁾					(8)			(8)	
Stranded tax effects ⁽¹⁾					(9)	9		—	
Net earnings (loss)					211			—	211
Other comprehensive income (loss)					(89)			(89)	
Dividends (\$1.40 per share)					(425)			(425)	
Treasury stock purchased		—	—					—	
Treasury stock issued under management incentive and stock option plans		—	27	23	—			50	
Balance at July 28, 2019	323	12	(22)	(1,076)	372	1,993	(198)	9	1,112
Net earnings (loss)					1,628			—	1,628
Divestiture						(4)	(4)		
Other comprehensive income (loss)					188	1	189		
Dividends (\$1.40 per share)					(428)			(428)	
Treasury stock purchased		—	—					—	
Treasury stock issued under management incentive and stock option plans		1	53	22	(3)			72	
Balance at August 2, 2020	323	12	(21)	(1,023)	394	3,190	(10)	6	2,569
Net earnings (loss)					1,002			—	1,002
Other comprehensive income (loss)					15	(4)	11		
Dividends (\$1.46 per share)					(444)			(444)	
Treasury stock purchased		(1)	(36)					(36)	
Treasury stock issued under management incentive and stock option plans		1	38	20	(6)			52	
Balance at August 1, 2021	323	\$ 12	(21)	\$ (1,021)	\$ 414	\$ 3,742	\$ 5	\$ 2	\$ 3,154

⁽¹⁾ See Note 2 for additional detail.

See accompanying Notes to Consolidated Financial Statements.

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

1. Summary of Significant Accounting Policies

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

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

Basis of Presentation — The consolidated financial statements include our accounts and entities in which we maintain a controlling financial interest and a variable interest entity (VIE) for which we were the primary beneficiary. Intercompany transactions are eliminated in consolidation. Our fiscal year ends on the Sunday nearest July 31. There were 52 weeks in 2021 and 2019, and 53 weeks in 2020.

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

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

Revenue Recognition — Our revenues primarily consist of the sale of food and beverage products through our own sales force and/or third-party brokers and distribution partners. Revenues are recognized when our performance obligation has been satisfied and control of the product passes to our customers, which typically occurs when products are delivered or accepted by customers in accordance with terms of agreements. We make shipments promptly after acceptance of orders. Shipping and handling costs incurred to deliver the product are recorded within Cost of products sold. Amounts billed and due from our customers are classified as Accounts receivable in the Consolidated Balance Sheets and require payment on a short-term basis. Revenues are recognized net of provisions for returns, discounts and certain sales promotion expenses, such as feature price discounts, in-store display incentives, cooperative advertising programs, new product introduction fees and coupon redemption costs. These forms of variable consideration are recognized upon sale. The recognition of costs for promotion programs involves the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors, including expected volume. Historically, the difference between actual experience compared to estimated redemptions and performance has not been significant to the quarterly or annual financial statements. Differences between estimates and actual costs are recognized as a change in estimate in a subsequent period. Revenues are presented on a net basis for arrangements under which suppliers perform certain additional services. See Note 6 for additional information on disaggregation of revenue. In 2019, we adopted revised guidance on the recognition of revenue from contracts with customers. See Note 2 for additional information.

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

Inventories — All inventories are valued at the lower of average cost or net realizable value.

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

Goodwill and Intangible Assets — Goodwill and intangible assets deemed to have indefinite lives are not amortized but rather are tested at least annually for impairment, or when circumstances indicate that the carrying amount of the asset may not be recoverable. Goodwill is tested for impairment at the reporting unit level. A reporting unit is an operating segment or a component of an operating segment. Goodwill is tested for impairment by either performing a qualitative evaluation or a quantitative test. The qualitative evaluation is an assessment of factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. We may elect not to perform the qualitative assessment for some or all reporting units and perform a quantitative impairment test. Fair value is determined based on discounted cash flow analyses. The discounted estimates of future cash flows include significant management assumptions such as revenue growth rates, operating margins, weighted average costs of capital and future economic and market conditions. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired and an impairment charge will be recorded to reduce the reporting unit to fair value.

Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Fair value is determined using a relief from royalty valuation method based on discounted cash flow analyses that include

significant management assumptions such as revenue growth rates, weighted average costs of capital and assumed royalty rates. If the carrying value exceeds fair value, an impairment charge will be recorded to reduce the asset to fair value.

See Notes 3 and 5 for information on intangible assets and impairment charges.

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

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

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

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

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

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

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

See Notes 2 and 10 for more information.

Derivative Financial Instruments — We use derivative financial instruments primarily for purposes of hedging exposures to fluctuations in foreign currency exchange rates, interest rates, commodities and equity-linked employee benefit obligations. We enter into these derivative contracts for periods consistent with the related underlying exposures, and the contracts do not constitute positions independent of those exposures. We do not enter into derivative contracts for speculative purposes and do not use leveraged instruments. Our derivative programs include strategies that qualify and strategies that do not qualify for hedge accounting treatment. To qualify for hedge accounting, the hedging relationship, both at inception of the hedge and on an ongoing basis, is expected to be highly effective in achieving offsetting changes in the fair value of the hedged risk during the period that the hedge is designated.

All derivatives are recognized on the balance sheet at fair value. For derivatives that qualify for hedge accounting, we designate the derivative as a hedge of the fair value of a recognized asset or liability or a firm commitment (fair-value hedge) or a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge). Some derivatives may also be considered natural hedging instruments (changes in fair value act as economic offsets to changes in fair value of the underlying hedged item) and are not designated for hedge accounting.

Changes in the fair value on the portion of the derivative included in the assessment of hedge effectiveness of a fair-value hedge, along with the gain or loss on the underlying hedged asset or liability (including losses or gains on firm commitments), are recorded in current-period earnings. Changes in the fair value on the portion of the derivative included in the assessment of hedge effectiveness of cash-flow hedges are recorded in other comprehensive income (loss), until earnings are affected by the variability of cash flows. For derivatives that are designated and qualify as hedging instruments, the initial fair value of hedge components excluded from the assessment of effectiveness is recognized in earnings under a systematic and rational method over the life of the hedging instrument and is presented in the same statement of earnings line item as the earnings effect of the hedged item. Any difference between the change in the fair value of the hedge components excluded from the assessment of effectiveness and the amounts recognized in earnings is recorded as a component of other comprehensive income (loss). Changes in the fair value of derivatives that are not designated for hedge accounting are recognized in current-period earnings.

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

Advertising Production Costs — Advertising production costs are expensed in the period that the advertisement first takes place or when a decision is made not to use an advertisement.

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

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

2. Recent Accounting Pronouncements

Recently Adopted

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

In February 2016, the FASB issued guidance that amends accounting for leases. Under the new guidance, a lessee will recognize most leases on the balance sheet but will recognize expenses similar to current lease accounting. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. In July 2018, the FASB issued an adoption approach that allows entities to apply the new guidance and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption without restating prior periods. We adopted the new guidance in the first quarter of 2020 using this transition method. We elected to apply a package of practical expedients, which allowed us to not reassess prior conclusions related to contracts containing leases, lease classification, and initial direct costs. Adoption of the new guidance resulted in the recognition of operating lease ROU assets of \$259 and operating lease liabilities of \$254, with the difference between the assets and liabilities primarily due to below market assets, deferred rent and prepaid rent. In addition, we derecognized \$20 of an asset and liability associated with a build-to-suit lease arrangement. The adoption did not have a material impact on consolidated net earnings or cash flows. See Note 10 for additional information.

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

In February 2018, the FASB issued guidance that provides entities an option to reclassify the stranded tax effects of the Tax Cuts and Jobs Act of 2017 on items within accumulated other comprehensive income to retained earnings. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those years. We adopted the guidance in the first quarter of 2019, effective on July 30, 2018, and elected not to reclassify prior periods. The adoption resulted in a cumulative effect adjustment of \$9 to decrease the opening balance of Earnings retained in the business and a corresponding net decrease to the components of Accumulated other comprehensive income (loss). See Note 4 for additional information.

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

Accounting Pronouncements Not Yet Adopted

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 expedites 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 expedites can be applied from March 12, 2020 through December 31, 2022. We are currently evaluating the impact that the new guidance will have on our consolidated financial statements.

3. Divestitures

Discontinued Operations

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

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

Results of discontinued operations were as follows:

	Campbell International		Campbell Fresh
	2020	2019	2019
Net sales	\$ 359	\$ 1,046	\$ 756
Impairment charges	\$ —	\$ 17	\$ 360
Earnings (loss) before taxes from operations	\$ 53	\$ 120	\$ (359)
Taxes on earnings (loss) from operations	17	41	(78)
Gain (loss) on sales of businesses / costs associated with selling the businesses	1,039	(12)	(32)
Tax expense (benefit) on sales / costs associated with selling the businesses	39	(2)	19
Earnings (loss) from discontinued operations	<u>\$ 1,036</u>	<u>\$ 69</u>	<u>\$ (332)</u>

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 sale of Campbell International.

The sale of the Arnott's and other international operations resulted in a substantial capital gain for tax purposes. We were able to utilize capital losses in 2020, which were offset with valuation allowances as of July 28, 2019, to offset the capital gain.

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

In the second quarter of 2019, we performed interim impairment assessments on the intangible and tangible assets of the Campbell Fresh businesses. We revised our future outlook for earnings and cash flows for each of these businesses as the

divestiture process progressed and we received initial indications of value. In Bolthouse Farms carrot and carrot ingredients, we recorded impairment charges of \$18 on the trademark, \$40 on customer relationships, \$15 on technology and \$104 on plant assets. In Bolthouse Farms refrigerated beverages and salad dressings, we recorded impairment charges of \$74 on the trademark, \$22 on customer relationships, and \$9 on plant assets. In Garden Fresh Gourmet, we recorded impairment charges of \$23 on the trademark, \$39 on customer relationships, and \$2 on plant assets. In the first quarter of 2019, we recorded an impairment charge of \$14 on the U.S. refrigerated soup plant assets in Campbell Fresh. In addition, we recorded tax expense of \$29 in 2019 as deferred tax assets were not realizable.

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

The depreciation and amortization, capital expenditures, sale proceeds and significant operating non-cash items of discontinued operations were as follows:

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

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

Other Divestitures

On October 11, 2019, we completed the sale of our European chips business for £63, or \$77. The pre-tax loss recognized in the first quarter of 2020 on the sale was \$64, which included the impact of allocated goodwill and foreign currency translation adjustments. For tax purposes, we were able to use the capital loss on this sale to offset a portion of the capital gain from the sale of the Arnott's and other international operations. The after-tax loss was \$37. The European chips business had net sales of \$25 in 2020 and \$129 in 2019. Earnings from the business, which included a pre-tax impairment charge on intangible assets of \$16 recognized in the fourth quarter of 2019, were not material. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment.

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. We recognized a pre-tax loss of \$11 and an after-tax gain on the sale of \$3. The business had net sales of \$68 in 2021, \$104 in 2020, and \$110 in 2019. Earnings were not material in the periods. The results of the business through the date of sale were reflected in continuing operations within the Meals & Beverages reportable segment.

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 29, 2018	\$ (154)	\$ (4)	\$ 40	\$ (118)
Cumulative effect of a change in accounting principle ⁽⁴⁾	2	(3)	10	9
Other comprehensive income (loss) before reclassifications	(68)	(2)	—	(70)
Amounts reclassified from accumulated other comprehensive income (loss)	2	—	(21)	(19)
Net current-period other comprehensive income (loss)	(66)	(2)	(21)	(89)
Balance at July 28, 2019	\$ (218)	\$ (9)	\$ 29	\$ (198)
Other comprehensive income (loss) before reclassifications	(2)	2	—	—
Amounts reclassified from accumulated other comprehensive income (loss) ⁽⁵⁾	210	—	(22)	188
Net current-period other comprehensive income (loss)	208	2	(22)	188
Balance at August 2, 2020	\$ (10)	\$ (7)	\$ 7	\$ (10)
Other comprehensive income (loss) before reclassifications	16	(4)	—	12
Amounts reclassified from accumulated other comprehensive income (loss)	—	7	(4)	3
Net current-period other comprehensive income (loss)	16	3	(4)	15
Balance at August 1, 2021	\$ 6	\$ (4)	\$ 3	\$ 5

⁽¹⁾ Included no tax as of August 1, 2021, and August 2, 2020, and tax expense of \$4 as of July 28, 2019, and \$6 as of July 29, 2018.

⁽²⁾ Included a tax benefit of \$1 as of August 1, 2021, and as of August 2, 2020, \$2 as of July 28, 2019, and \$4 as of July 29, 2018.

⁽³⁾ Included a tax expense of \$1 as of August 1, 2021, \$2 as of August 2, 2020, \$8 as of July 28, 2019, and \$25 as of July 29, 2018.

⁽⁴⁾ Reflects the adoption of the FASB guidance on stranded tax effects. See Note 2 for additional information.

⁽⁵⁾ Reflects the reclassification from sale of businesses. See Note 3 for additional information.

Amounts related to noncontrolling interests were not material.

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

Details about Accumulated Other Comprehensive Income (Loss) Components	2021	2020	2019	Location of Loss (Gain) Recognized in Earnings
Foreign currency translation adjustments:				
Currency translation losses (gains) realized upon disposal of businesses	\$ —	\$ 23	\$ —	Other expenses / (income)
Currency translation losses (gains) realized upon disposal of businesses	—	183	2	Earnings (loss) from discontinued operations
Total before tax	—	206	2	
Tax expense (benefit)	—	4	—	
Loss (gain), net of tax	\$ —	\$ 210	\$ 2	
Losses (gains) on cash-flow hedges:				
Foreign exchange forward contracts	\$ 6	\$ (2)	\$ (4)	Cost of products sold
Foreign exchange forward contracts	1	—	—	Other expenses / (income)
Foreign exchange forward contracts	—	1	2	Earnings (loss) from discontinued operations
Forward starting interest rate swaps	1	1	2	Interest expense
Total before tax	8	—	—	
Tax expense (benefit)	(1)	—	—	
Loss (gain), net of tax	\$ 7	\$ —	\$ —	
Pension and postretirement benefit adjustments:				
Prior service credit	\$ (5)	\$ (28)	\$ (28)	Other expenses / (income)
Tax expense (benefit)	1	6	7	
Loss (gain), net of tax	\$ (4)	\$ (22)	\$ (21)	

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 July 28, 2019	\$ 977	\$ 3,040	\$ 4,017
Divestiture ⁽¹⁾	—	(34)	(34)
Foreign currency translation adjustment	(2)	5	3
Net balance at August 2, 2020	\$ 975	\$ 3,011	\$ 3,986
Divestiture ⁽¹⁾	(12)	—	(12)
Foreign currency translation adjustment	7	—	7
Net balance at August 1, 2021	\$ 970	\$ 3,011	\$ 3,981

⁽¹⁾ See Note 3 for additional information.

Intangible Assets

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

Intangible Assets	2021			2020		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Amortizable intangible assets						
Customer relationships ⁽¹⁾	\$ 830	\$ (140)	\$ 690	\$ 851	\$ (112)	\$ 739
Non-amortizable intangible assets						
Trademarks ⁽¹⁾		2,549			2,611	
Total net intangible assets	\$ 3,239			\$ 3,350		

⁽¹⁾ Net Customer relationships of \$8 and Trademarks of \$62 were divested with the sale of the Plum baby and snack foods business. See Note 3 for additional information.

As of August 1, 2021, the carrying value of indefinite-lived trademarks is detailed below:

	Various Other ⁽¹⁾	Snyder's of Hanover	Lance	Pace	Pacific Foods
Carrying value	\$ 1,007	\$ 620	\$ 350	\$ 292	\$ 280

⁽¹⁾ Associated with the acquisition of Snyder's-Lance, Inc. (Snyder's-Lance).

Amortization of intangible assets in Earnings from continuing operations was \$42 for 2021, \$43 for 2020 and \$48 for 2019.

As of August 1, 2021, amortizable intangible assets had a weighted-average remaining useful life of 17 years. Amortization expense for the next 5 years is estimated to be approximately \$41 per year.

Amortization of intangible assets in discontinued operations was \$9 for 2019.

The estimates of future cash flows used in determining the fair value of goodwill and intangible assets involve significant management judgment and are based upon assumptions about expected future operating performance, economic conditions, market conditions and cost of capital. Inherent in estimating the future cash flows are uncertainties beyond our control, such as changes in capital markets. The actual cash flows could differ materially from management's estimates due to changes in business conditions, operating performance and economic conditions.

6. Business and Geographic Segment Information

Our reportable segments are as follows:

- Meals & Beverages, which includes the retail and foodservice businesses in the U.S. and Canada. The segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Pacific Foods* broth, soups and non-dairy beverages; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; *V8* juices and beverages; and *Campbell's* tomato juice. The segment also included the results of our Plum baby food and snacks business, which was sold on May 3, 2021; 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 retail and foodservice 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."

Beginning in 2022, the foodservice and Canadian portion of Snacks will be managed as part of Meals & Beverages.

We evaluate segment performance before interest, taxes and costs associated with restructuring activities and impairment charges. Unrealized gains and losses on commodity hedging activities are excluded from segment operating earnings and are recorded in Corporate as these open positions represent hedges of future purchases. Upon closing of the contracts, the realized gain or loss is transferred to segment operating earnings, which allows the segments to reflect the economic effects of the hedge without exposure to quarterly volatility of unrealized gains and losses. Only the service cost component of pension and postretirement expense is allocated to segments. All other components of expense, including interest cost, expected return on assets, amortization of prior service credits and recognized actuarial gains and losses are reflected in Corporate and not included in segment operating results. Asset information by segment is not discretely maintained for internal reporting or used in evaluating performance. Therefore, only geographic segment asset information is provided.

Our largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 21% of consolidated net sales from continuing operations in 2021 and 2020, and 20% in 2019. Both of our reportable segments sold products to Wal-Mart Stores, Inc. or its affiliates.

	2021	2020	2019
Net sales			
Meals & Beverages	\$ 4,532	\$ 4,646	\$ 4,252
Snacks	3,944	4,045	3,854
Corporate	—	—	1
Total	\$ 8,476	\$ 8,691	\$ 8,107

	2021	2020	2019
Earnings before interest and taxes			
Meals & Beverages	\$ 899	\$ 983	\$ 895
Snacks	537	551	522
Corporate income (expense) ⁽¹⁾	130	(418)	(407)
Restructuring charges ⁽²⁾	(21)	(9)	(31)
Total	\$ 1,545	\$ 1,107	\$ 979

	2021	2020	2019
Depreciation and amortization			
Meals & Beverages	\$ 128	\$ 134	\$ 162
Snacks	169	175	184
Corporate ⁽³⁾	20	19	17
Discontinued operations ⁽⁴⁾	—	—	83
Total	\$ 317	\$ 328	\$ 446

	2021	2020	2019
Capital expenditures			
Meals & Beverages	\$ 61	\$ 52	\$ 156
Snacks	153	153	134
Corporate ⁽³⁾	61	64	35
Discontinued operations	—	30	59
Total	\$ 275	\$ 299	\$ 384

⁽¹⁾ Represents unallocated items. Pension and postretirement benefit settlement and mark-to-market adjustments are included in Corporate. There were settlement gains of \$38 and gains of \$165 in 2021, settlement charges of \$43 and losses of \$121 in 2020, and losses of \$122 in 2019, respectively. A loss of \$11 on the sale of the Plum baby food and snacks business was included in 2021. A loss of \$45 on Acre Venture Partners, L.P. (Acre) was included in 2020. See Note 14 for additional information on Acre. A loss of \$64 on the sale of our European chips business was included in 2020. Costs related to the cost savings initiatives were \$32, \$60 and \$90 in 2021, 2020 and 2019, respectively. Intangible asset impairment charges were \$16 in 2019. A mark-to-market gain on outstanding commodity hedges of \$50 was included in 2021.

⁽²⁾ See Note 7 for additional information.

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

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

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

	2021	2020	2019
Net sales			
Soup	\$ 2,568	\$ 2,653	\$ 2,368
Snacks	3,989	4,099	3,918
Other simple meals	1,134	1,184	1,082
Beverages	785	755	738
Other	—	—	1
Total	\$ 8,476	\$ 8,691	\$ 8,107

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.

Geographic Area Information

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

	2021	2020	2019
Net sales			
United States	\$ 7,951	\$ 8,165	\$ 7,492
Other countries	525	526	615
Total	\$ 8,476	\$ 8,691	\$ 8,107

	2021	2020	2019
Long-lived assets			
United States	\$ 2,363	\$ 2,361	\$ 2,400
Other countries	7	7	55
Total	\$ 2,370	\$ 2,368	\$ 2,455

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. 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.

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

	2021	2020	2019	Recognized as of August 1, 2021
Restructuring charges	\$ 21	\$ 9	\$ 31	\$ 259
Administrative expenses	28	48	62	339
Cost of products sold	3	9	18	79
Marketing and selling expenses	1	2	7	13
Research and development expenses	—	1	3	4
Total pre-tax charges	\$ 53	\$ 69	\$ 121	\$ 694

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

	Recognized as of August 1, 2021
Severance pay and benefits	\$ 222
Asset impairment/accelerated depreciation	82
Implementation costs and other related costs	390
Total	\$ 694

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

	Recognized as of August 1, 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.

The total estimated pre-tax costs for actions associated with continuing operations are approximately \$710 to \$730. This estimate will be updated as costs continue to be developed. The majority of the remaining costs will be incurred in 2022.

We expect the costs for actions associated with continuing operations to consist of the following: approximately \$220 to \$225 in severance pay and benefits; approximately \$85 in asset impairment and accelerated depreciation; and approximately \$405 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 31%; Snacks - approximately 45%; and Corporate - approximately 24%.

Of the aggregate \$710 to \$730 of pre-tax costs associated with continuing operations, we expect approximately \$610 to \$630 will be cash expenditures. In addition, we expect to invest approximately \$435 in capital expenditures through 2022, of which we invested \$401 as of August 1, 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 August 1, 2021, is as follows:

	Severance Pay and Benefits	Implementation Costs and Other Related Costs ⁽⁴⁾	Asset Impairment/Accelerated Depreciation	Other Non-Cash Exit Costs ⁽⁵⁾	Total Charges
Accrued balance at July 28, 2019 ⁽¹⁾	\$ 37				
2020 charges	9	56	4	—	\$ 69
2020 cash payments	(31)				
Accrued balance at August 2, 2020 ⁽²⁾	\$ 15				
2021 charges	6	27	15	5	\$ 53
2021 cash payments	(14)				
Accrued balance at August 1, 2021⁽³⁾	\$ 7				

⁽¹⁾ Includes \$8 of severance pay and benefits recorded in Other liabilities in the Consolidated Balance Sheet.

⁽²⁾ Includes \$3 of severance pay and benefits recorded in Other liabilities in the Consolidated Balance Sheet.

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

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

⁽⁵⁾ 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:

	2021	Costs Incurred to Date
Meals & Beverages	\$ 3	\$ 223
Snacks	48	299
Corporate	2	172
Total	\$ 53	\$ 694

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 2021 and 2020 excludes approximately 1 million stock options and for 2019 excludes approximately 2 million stock options that would have been antidilutive.

9. Pension and Postretirement Benefits

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

Postretirement Benefits — We provide postretirement benefits, including health care and life insurance to eligible retired U.S. employees, and where applicable, their dependents. Accordingly, we sponsor a retiree medical program for eligible retired U.S. employees and fund applicable retiree medical accounts intended to provide reimbursement for eligible health care

expenses on a tax-favored basis for retirees who satisfy certain eligibility requirements. Effective as of January 1, 2019, we no longer sponsor our own retiree medical coverage for substantially all retired U.S. employees that are Medicare eligible. Instead, we offer these Medicare-eligible retirees access to health care coverage through a private exchange and offer a health reimbursement account to subsidize benefits for a select group of such retirees. We also provide postretirement life insurance to all eligible U.S. employees who retired prior to January 1, 2018, as well as certain eligible retired employees covered by one of our collective bargaining agreements.

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

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

	Pension	2021	2020	2019
Service cost	\$ 18	\$ 19	\$ 21	
Interest cost	41	65	82	
Expected return on plan assets	(122)	(134)	(143)	
Amortization of prior service cost	—	—	1	
Recognized net actuarial loss (gain)	(159)	98	120	
Settlement charges (gains)	(38)	43	28	
Net periodic benefit expense (income)	\$ (260)	\$ 91	\$ 109	

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 gains in 2021 and charges in 2020 resulted from the level of lump sum distributions associated with U.S. and Canadian pension plans. The settlement charges in 2019 resulted from the level of lump sum distributions associated with a U.S. pension plan.

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

	Postretirement	2021	2020	2019
Service cost	\$ —	\$ 1	\$ 1	
Interest cost	4	6	8	
Amortization of prior service credit	(5)	(28)	(29)	
Recognized net actuarial loss (gain)	(6)	23	14	
Net periodic benefit expense (income)	\$ (7)	\$ 2	\$ (6)	

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.

Change in benefit obligation:

	Pension	2021	2020	Postretirement	2021	2020
Obligation at beginning of year	\$ 2,366	\$ 2,345	\$ 244	\$ 235		
Service cost	18	19	—	1		
Interest cost	41	65	4	6		
Actuarial loss (gain)	(43)	237	(6)	23		
Benefits paid	(152)	(148)	(20)	(21)		
Settlements	(53)	(41)	—	—		
Other	(2)	(3)	—	—		
Divestitures	—	(105)	—	—		
Foreign currency adjustment	11	(3)	—	—		
Benefit obligation at end of year	\$ 2,186	\$ 2,366	\$ 222	\$ 244		

The actuarial losses (gains) in our pension and postretirement benefit obligations were primarily due to changes in the discount rates used to determine the benefit obligation.

Change in the fair value of pension plan assets:

	2021	2020
Fair value at beginning of year	\$ 2,120	\$ 2,153
Actual return on plan assets	276	230
Employer contributions	2	2
Benefits paid	(138)	(135)
Settlements	(53)	(41)
Divestitures	—	(86)
Foreign currency adjustment	13	(3)
Fair value at end of year	\$ 2,220	\$ 2,120

Net amounts recognized in the Consolidated Balance Sheets:

	Pension		Postretirement	
	2021	2020	2021	2020
Other assets	\$ 190	\$ 10	\$ —	\$ —
Accrued liabilities	14	14	23	24
Other liabilities	142	242	199	220
Net amounts recognized asset / (liability)	\$ 34	\$ (246)	\$ (222)	\$ (244)

Amounts recognized in accumulated other comprehensive income (loss) consist of:

	Pension	Postretirement
	2021	2020
Prior service credit (cost)	\$ (1)	\$ (1)
	\$ 5	\$ 10

The change in amounts recognized in accumulated other comprehensive income (loss) associated with postretirement benefits was due to amortization in 2021 and 2020.

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

	2021	2020
Projected benefit obligation	\$ 156	\$ 1,783
Accumulated benefit obligation	\$ 154	\$ 1,763
Fair value of plan assets	\$ —	\$ 1,527

The accumulated benefit obligation for all pension plans was \$2,159 at August 1, 2021, and \$2,338 at August 2, 2020.

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

	Pension		Postretirement	
	2021	2020	2021	2020
Discount rate	2.69%	2.47%	2.37%	2.15%
Rate of compensation increase	3.23%	3.23%	3.25%	3.25%
Interest crediting rate	4.00%	4.00%	Not applicable	

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

	Pension		
	2021	2020	2019
Discount rate	2.47%	3.46%	4.15%
Expected return on plan assets	6.01%	6.85%	6.86%
Rate of compensation increase	3.23%	3.20%	3.21%
Interest crediting rate	4.00%	4.00%	3.25%

The discount rate is established as of our fiscal year-end measurement date. In establishing the discount rate, we review published market indices of high-quality debt securities, adjusted as appropriate for duration. In addition, independent actuaries apply high-quality bond yield curves to the expected benefit payments of the plans. The expected return on plan assets is a long-term assumption based upon historical experience and expected future performance, considering our current and projected

investment mix. This estimate is based on an estimate of future inflation, long-term projected real returns for each asset class, and a premium for active management.

The discount rate used to determine net periodic postretirement expense was 2.15% in 2021, 3.28% in 2020, and 4.06% in 2019.

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

	2021	2020
Health care cost trend rate assumed for next year	6.25%	6.25%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2025	2024

Pension Plan Assets

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

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

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

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

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

	Strategic Target	2021	2020
Equity securities	36%	36%	38%
Debt securities	56%	57%	53%
Real estate and other	8%	7%	9%
Total	100%	100%	100%

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

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

The following table presents our pension plan assets by asset category at August 1, 2021, and August 2, 2020:

	Fair Value as of August 1, 2021	Fair Value Measurements at August 1, 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
Short-term investments	\$ 43	\$ 41	\$ 2	—	\$ 42	\$ 42	\$ —	\$ —
Equities:								
U.S.	106	100	6	—	261	261	—	—
Non-U.S.	234	233	1	—	240	240	—	—
Corporate bonds:								
U.S.	723	—	723	—	749	—	749	—
Non-U.S.	138	—	138	—	130	—	130	—
Government and agency bonds:								
U.S.	198	—	198	—	74	—	74	—
Non-U.S.	33	—	33	—	24	—	24	—
Municipal bonds	29	—	29	—	30	—	30	—
Mortgage and asset backed securities	10	—	10	—	34	—	34	—
Real estate	5	2	—	3	7	4	—	3
Hedge funds	30	—	—	30	31	—	—	31
Derivative assets	6	—	6	—	2	—	2	—
Derivative liabilities	(3)	—	(3)	—	(6)	—	(6)	—
Total assets at fair value	\$ 1,552	\$ 376	\$ 1,143	\$ 33	\$ 1,618	\$ 547	\$ 1,037	\$ 34
Investments measured at net asset value:								
Short-term investments	26			22				
Commingled funds:								
Equities	438			262				
Fixed income	117			139				
Real estate	87			84				
Hedge funds	34			61				
Total investments measured at net asset value:	702			568				
Other items to reconcile to fair value of plan assets	(34)			(66)				
Total pension plan assets at fair value	\$ 2,220			\$ 2,120				

Short-term investments — Investments include cash and cash equivalents, and various short-term debt instruments and short-term investment funds. Institutional short-term investment vehicles valued daily are classified as Level 1 at cost which approximates market value. Short-term debt instruments are classified at Level 2 and are valued based on bid quotations and recent trade data for identical or similar obligations. Other investments valued based upon net asset value are included as a reconciling item to the fair value table.

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

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

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

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

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

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

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

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

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

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

The following table summarizes the changes in fair value of Level 3 investments for the years ended August 1, 2021, and August 2, 2020:

	Real Estate	Hedge Funds	Total
Fair value at August 2, 2020	\$ 3	\$ 31	\$ 34
Actual return on plan assets	—	2	2
Purchases, sales and settlements, net	—	(3)	(3)
Transfers out of Level 3	—	—	—
Fair value at August 1, 2021	\$ 3	\$ 30	\$ 33
	Real Estate	Hedge Funds	Total
Fair value at July 28, 2019	\$ 4	\$ 32	\$ 36
Actual return on plan assets	—	—	—
Purchases, sales and settlements, net	(1)	(1)	(2)
Transfers out of Level 3	—	—	—
Fair value at August 2, 2020	\$ 3	\$ 31	\$ 34

Estimated future benefit payments are as follows:

	Pension	Postretirement
2022	\$ 174	\$ 23
2023	\$ 161	\$ 21
2024	\$ 153	\$ 20
2025	\$ 146	\$ 18
2026	\$ 143	\$ 17
2027-2031	\$ 644	\$ 69

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

We do not expect contributions to pension plans to be material in 2022.

Defined Contribution Plans — We sponsor a 401(k) Retirement Plan that covers substantially all U.S. employees and provide a matching contribution of 100% of employee contributions up to 4% of eligible compensation. In addition, for employees not eligible to participate in defined benefit plans that we sponsor, we provide a contribution equal to 3% of eligible compensation regardless of their participation in the 401(k) Retirement Plan. Through December 31, 2019, all Snyder's-Lance U.S. employees were eligible to participate in a 401(k) retirement plan sponsored by Snyder's-Lance that provided participants with matching contributions equal to 100% of the first 4% and 50% of the next 1% of eligible compensation. As of January 1, 2020, Snyder's-Lance employees were transitioned to the 401(k) Retirement Plan and receive the same contributions under the 401(k) Retirement Plan noted above. Amounts charged to Costs and expenses of continuing operations were \$64 in 2021, \$62 in 2020 and \$52 in 2019. Amounts charged to discontinued operations were \$4 in 2019.

10. Leases

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

Leases recorded on our Consolidated Balance Sheet have remaining terms primarily from 1 to 14 years.

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

The components of lease costs were as follows:

	2021	2020
Operating lease cost	\$ 80	\$ 81
Finance lease - amortization of ROU assets	6	2
Short-term lease cost	48	39
Variable lease cost ⁽¹⁾	201	172
Sublease income	(2)	(3)
Total ⁽²⁾	<u>\$ 333</u>	<u>\$ 291</u>

⁽¹⁾ Includes labor and other overhead included in our service contracts with embedded leases.

⁽²⁾ Total lease cost in 2020 included \$4 related to discontinued operations.

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

	Balance sheet classification	Operating Leases	
		2021	2020
ROU assets, net	Other assets	\$ 235	\$ 254
Lease liabilities (current)	Accrued liabilities	54	67
	Lease liabilities (noncurrent)	180	184

	Balance sheet classification	Financing Leases	
		2021	2020
ROU assets, net	Plant assets, net of depreciation	\$ 29	\$ 10
Lease liabilities (current)	Short-term borrowings	11	3
	Long-term debt	19	7

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

	August 1, 2021		August 2, 2020	
	Operating	Finance	Operating	Finance
Weighted-average remaining term in years	6.4	3.1	6.7	3.0
Weighted-average discount rate	2.3 %	0.8 %	2.6 %	1.8 %

Future minimum lease payments are as follows:

	August 1, 2021	
	Operating	Finance
2022	\$ 59	\$ 11
2023	49	9
2024	38	5
2025	27	2
2026	19	3
Thereafter	63	—
Total future undiscounted lease payments	255	30
Less imputed interest	21	—
Total reported lease liability	<u>\$ 234</u>	<u>\$ 30</u>

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

	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 79	\$ 79
Financing cash flows from finance leases	\$ 5	\$ 2

ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ 59
Finance leases	\$ 25
ROU assets divested with businesses sold:	
Operating leases	\$ —
Finance leases	\$ —
Lease liabilities derecognized upon adoption:	
Build-to-suit lease commitment	\$ —

11. Taxes on Earnings

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

	2021	2020	2019
Income taxes:			
Currently payable:			
Federal	\$ 151	\$ 152	\$ 104
State	34	26	19
Non-U.S.	6	3	5
	191	181	128
Deferred:			
Federal	102	(12)	19
State	33	4	7
Non-U.S.	2	1	(3)
	137	(7)	23
	\$ 328	\$ 174	\$ 151
Earnings from continuing operations before income taxes:			
United States	\$ 1,308	\$ 737	\$ 624
Non-U.S.	28	29	1
	\$ 1,336	\$ 766	\$ 625

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

	2021	2020	2019
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes (net of federal tax benefit)	3.1	3.5	2.2
Tax effect of international items	0.2	(0.3)	—
Tax Cuts and Jobs Act - transition tax	—	—	0.3
Divestiture impact on deferred taxes	(0.9)	—	1.2
Legal entity reorganization	1.4	—	—
Capital loss on the sale of the Plum baby food and snacks business	(1.3)	—	—
Capital loss valuation allowance on the sale of the Plum baby food and snacks business	1.3	—	—
Benefit on sale of the European chips business	—	(1.3)	—
Other	(0.2)	(0.2)	(0.5)
Effective income tax rate	24.6 %	22.7 %	24.2 %

In 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.

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

	2021	2020
Depreciation	\$ 352	\$ 319
Amortization	869	856
Operating lease ROU assets	53	63
Pension	45	—
Other	9	9
Deferred tax liabilities	1,328	1,247
Benefits and compensation	127	144
Pension benefits	38	58
Tax loss carryforwards	24	31
Capital loss carryforwards	117	95
Operating lease liabilities	53	63
Other	61	65
Gross deferred tax assets	420	456
Deferred tax asset valuation allowance	(142)	(122)
Deferred tax assets, net of valuation allowance	278	334
Net deferred tax liability	\$ 1,050	\$ 913

At August 1, 2021, our U.S. and non-U.S. subsidiaries had tax loss carryforwards of approximately \$294. Of these carryforwards, \$27 may be carried forward indefinitely, and \$267 expire between 2022 and 2038, with the majority expiring after 2028. At August 1, 2021, deferred tax asset valuation allowances have been established to offset \$113 of these tax loss carryforwards. Additionally, as of August 1, 2021, our U.S. and non-U.S. subsidiaries had capital loss carryforwards of approximately \$477, all of which were offset by valuation allowances. The increase in the total capital loss carryforwards in 2021 was primarily due to the sale of the Plum baby food and snacks business.

The net change in the deferred tax asset valuation allowance in 2021 was an increase of \$20. The increase was primarily due to the sale of the Plum baby food and snacks business. The net change in the deferred tax asset valuation allowance in 2020 was a decrease of \$305. The decrease was primarily due to the sale of the Arnott's and other international operations. The net change in the deferred tax asset valuation allowance in 2019 was an increase of \$294. The increase was primarily due to the sale of Bolthouse Farms and the pending sale of the Arnott's and other international operations.

As of August 1, 2021, and August 2, 2020, other deferred tax assets included \$13 of state tax credit carryforwards related to various states that expire between 2022 and 2031. As of August 1, 2021, and August 2, 2020, deferred tax asset valuation allowances have been established to offset the \$13 of state credit carryforwards.

As of August 1, 2021, we had approximately \$11 of undistributed earnings of foreign subsidiaries which are deemed to be permanently reinvested and for which we have not recognized a deferred tax liability. We estimate that the tax liability that might be incurred if permanently reinvested earnings were remitted to the U.S. would not be material. Foreign subsidiary earnings in 2021 are not considered permanently reinvested and we have therefore recognized a deferred tax liability and expense.

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

	2021	2020	2019
Balance at beginning of year	\$ 23	\$ 24	\$ 32
Increases related to prior-year tax positions	—	—	1
Decreases related to prior-year tax positions	(1)	(1)	(1)
Increases related to current-year tax positions	3	2	2
Settlements	—	(1)	(9)
Lapse of statute	(3)	(1)	(1)
Balance at end of year	\$ 22	\$ 23	\$ 24

The amount of unrecognized tax benefits that, if recognized, would impact the annual effective tax rate was \$18 as of August 1, 2021, and as of August 2, 2020, and \$17 as of July 28, 2019. The total amount of unrecognized tax benefits can change due to audit settlements, tax examination activities, statute expirations and the recognition and measurement criteria under accounting for uncertainty in income taxes.

Our accounting policy for interest and penalties attributable to income taxes is to reflect any expense or benefit as a component of our income tax provision. The total amount of interest and penalties recognized in the Consolidated Statements of Earnings were not material in 2021, 2020, and 2019. The total amount of interest and penalties recognized in the Consolidated Balance Sheets in Other liabilities was \$4 as of August 1, 2021, and as of August 2, 2020.

We file income tax returns in the U.S. federal jurisdiction and various state and non-U.S. jurisdictions. In the normal course of business, we are subject to examination by taxing authorities, including the U.S. and Canada. With limited exceptions, we have been audited for income tax purposes in the U.S. through 2020 and in Canada through 2016. In addition, several state income tax examinations are in progress for the years 2015 to 2019.

12. Short-term Borrowings and Long-term Debt

Short-term borrowings consist of the following:

	2021	2020
Commercial paper	\$ 37	\$ 280
Notes	—	721
Debentures	—	200
Finance leases	11	3
Other ⁽¹⁾	—	(2)
Total short-term borrowings	<u>\$ 48</u>	<u>\$ 1,202</u>

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

The weighted-average interest rate of commercial paper, which consisted of U.S. borrowings, was 0.22% as of August 1, 2021, and 2.10% as of August 2, 2020.

As of August 1, 2021, we issued \$36 of standby letters of credit. On November 2, 2020, we entered into a committed revolving credit facility totaling \$1,850 that matures on November 2, 2023. This facility remained unused at August 1, 2021, except for \$1 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. In March 2020, we borrowed \$300 under our previous revolving credit facility and on May 1, 2020, we repaid the borrowings.

Long-term debt consists of the following:

Type	Fiscal Year of Maturity	Rate	2021	2020
			\$ —	\$ —
Notes	2021	Variable	\$ 400	\$ 400
Notes	2021	3.30%	—	321
Debentures	2021	8.875%	—	200
Notes	2023	2.50%	450	450
Notes	2023	3.65%	566	566
Notes	2025	3.95%	850	850
Notes	2025	3.30%	300	300
Notes	2028	4.15%	1,000	1,000
Notes	2030	2.375%	500	500
Notes	2043	3.80%	163	163
Notes	2048	4.80%	700	700
Notes	2050	3.125%	500	500
Finance leases			19	7
Other ⁽¹⁾			(38)	(42)
Total			<u>\$ 5,010</u>	<u>\$ 5,915</u>
Less current portion			—	921
Total long-term debt			<u>\$ 5,010</u>	<u>\$ 4,994</u>

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

Principal amounts of long-term debt mature as follows: \$1,025 in 2023; \$5 in 2024; \$1,152 in 2025; \$3 in 2026; and a total of \$2,863 in periods thereafter.

Debt Extinguishment

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

Debt Repayments

In March 2021, we repaid our 3.30% \$321 notes and floating rate \$400 notes, and in May 2021, we repaid our 8.875% \$200 notes.

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

Debt Issuances

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

13. Financial Instruments

The principal market risks to which we are exposed are changes in foreign currency exchange rates, interest rates, and commodity prices. In addition, we are exposed to equity price changes related to certain deferred compensation obligations. In order to manage these exposures, we follow established risk management policies and procedures, including the use of

derivative contracts such as swaps, rate locks, options, forwards and commodity futures. We enter into these derivative contracts for periods consistent with the related underlying exposures, and the contracts do not constitute positions independent of those exposures. We do not enter into derivative contracts for speculative purposes and do not use leveraged instruments. Our derivative programs include instruments that qualify for hedge accounting treatment and instruments that are not designated as accounting hedges.

Concentration of Credit Risk

We are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate counterparty credit risk, we enter into contracts only with carefully selected, leading, credit-worthy financial institutions, and distribute contracts among several financial institutions to reduce the concentration of credit risk. We did not have credit-risk-related contingent features in our derivative instruments as of August 1, 2021, or August 2, 2020.

We are also exposed to credit risk from our customers. During 2021, our largest customer accounted for approximately 21% of consolidated net sales from continuing operations. Our five largest customers accounted for approximately 46% of our consolidated net sales from continuing operations in 2021.

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 \$134 at August 1, 2021, and \$164 at 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 \$13 at August 1, 2021, and \$19 at 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 interest rate swaps or treasury rate lock contracts outstanding as of August 1, 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, aluminum, cocoa, soybean meal, corn 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 August 1, 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 \$190 at August 1, 2021, and \$137 at August 2, 2020. The change in fair value on undesignated instruments is recorded in Cost of products sold.

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 amount was approximately \$38 as of August 1, 2021, and \$34 as of August 2, 2020. The change in fair value on the embedded derivative is recorded in Cost of products sold.

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. As of June 2021, we no longer hedge our exposure linked to the total return of our capital stock. These contracts were not designated as hedges for accounting purposes. Unrealized gains (losses) and settlements are included in Administrative expenses in the Consolidated Statements of Earnings. We enter into these contracts for periods typically not exceeding 12 months. The notional amounts of the contracts as of August 1, 2021, and August 2, 2020, were \$29 and \$22, respectively.

The following table summarizes the fair value of derivative instruments on a gross basis as recorded in the Consolidated Balance Sheets as of August 1, 2021, and August 2, 2020:

	Balance Sheet Classification	2021	2020
Asset Derivatives			
Derivatives designated as hedges:			
Commodity derivative contracts	Other current assets	\$ 4	\$ —
Foreign exchange forward contracts	Other current assets	1	1
Total derivatives designated as hedges	<u>\$ 5</u>	<u>\$ 1</u>	
Derivatives not designated as hedges:			
Commodity derivative contracts	Other current assets	\$ 49	\$ 7
Deferred compensation derivative contracts	Other current assets	3	4
Total derivatives not designated as hedges	<u>\$ 52</u>	<u>\$ 11</u>	
Total asset derivatives	<u><u>\$ 57</u></u>	<u><u>\$ 12</u></u>	

	Balance Sheet Classification	2021	2020
Liability Derivatives			
Derivatives designated as hedges:			
Foreign exchange forward contracts	Accrued liabilities	\$ 3	\$ 2
Total derivatives designated as hedges	<u>\$ 3</u>	<u>\$ 2</u>	
Derivatives not designated as hedges:			
Commodity derivative contracts	Accrued liabilities	\$ —	\$ 9
Total derivatives not designated as hedges	<u>\$ —</u>	<u>\$ 9</u>	
Total liability derivatives	<u><u>\$ 3</u></u>	<u><u>\$ 11</u></u>	

We do not offset the fair values of derivative assets and liabilities executed with the same counterparty that are generally subject to enforceable netting agreements. However, if we were to offset and record the asset and liability balances of derivatives on a net basis, the amounts presented in the Consolidated Balance Sheets as of August 1, 2021, and August 2, 2020, would be adjusted as detailed in the following table:

Derivative Instrument	2021			2020		
	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	\$ 57	\$ (1)	\$ 56	\$ 12	\$ (4)	\$ 8
Total liability derivatives	\$ 3	\$ (1)	\$ 2	\$ 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 \$14 at August 1, 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 years ended August 1, 2021, August 2, 2020, and July 28, 2019 in other comprehensive income (loss) (OCI) and the Consolidated Statements of Earnings:

Derivatives Designated as Cash-Flow Hedges	Total Cash-Flow Hedge OCI Activity		
	2021	2020	2019
OCI derivative gain (loss) at beginning of year	\$ (8)	\$ (11)	\$ (8)
Effective portion of changes in fair value recognized in OCI:			
Commodity derivative contracts	4	—	—
Foreign exchange forward contracts	(9)	3	(3)
Amount of loss (gain) reclassified from OCI to earnings: Location in Earnings			
Foreign exchange forward contracts	Cost of products sold	6	(2)
Foreign exchange forward contracts	Other expenses / (income)	1	—
Foreign exchange forward contracts	Earnings (loss) from discontinued operations	—	1
Forward starting interest rate swaps	Interest expense	1	2
OCI derivative gain (loss) at end of year	<u>\$ (5)</u>	<u>\$ (8)</u>	<u>\$ (11)</u>

Based on current valuations, the amount expected to be reclassified from OCI into earnings within the next 12 months is a gain of \$1.

The following table shows the total amounts of line items presented in the Consolidated Statements of Earnings for the years ended 2021, 2020, and 2019 in which the effects of derivative instruments designated as cash-flow hedges are recorded and the total effect of hedge activity on these line items are as follows:

	2021			2020			2019		
	Cost of products sold	Other expenses / (income)	Interest expense	Earnings (loss) from discontinued operations	Cost of products sold	Interest expense	Earnings (loss) from discontinued operations	Cost of products sold	Interest expense
Consolidated Statements of Earnings:	\$ 5,665	\$ (254)	\$ 210	\$ (6)	\$ 5,692	\$ 345	\$ 1,036	\$ 5,414	\$ 356
Loss (gain) on cash-flow hedges:									
Amount of loss (gain) reclassified from OCI to earnings	\$ 6	\$ 1	\$ 1	—	\$ (2)	\$ 1	1	\$ (4)	\$ 2
Amount excluded from effectiveness testing recognized in earnings using an amortization approach	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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

Derivatives Not Designated as Hedges	Location of Loss (Gain) Recognized in Earnings	Amount of Loss (Gain) Recognized in Earnings on Derivatives		
		2021	2020	2019
Foreign exchange forward contracts	Cost of products sold	\$ 2	\$ (1)	\$ —
Foreign exchange forward contracts	Other expenses / (income)	—	2	—
Commodity derivative contracts	Cost of products sold	(55)	12	6
Commodity derivative contracts	Earnings (loss) from discontinued operations	—	—	(1)
Deferred compensation derivative contracts	Administrative expenses	(8)	(2)	(2)
Treasury rate lock contracts	Interest expense	—	(3)	—
Total		<u>\$ (61)</u>	<u>\$ 8</u>	<u>\$ 3</u>

14. Variable Interest Entity

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

Acre elected the fair value option to account for qualifying investments to more appropriately reflect the value of the investments in the financial statements. Changes in the fair values of investments for which the fair value option was elected were included in Other expenses / (income) on the Consolidated Statements of Earnings.

15. Fair Value Measurements

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

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with observable market data.

- Level 3: Unobservable inputs, which are valued based on our estimates of assumptions that market participants would use in pricing the asset or liability.

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents our financial assets and liabilities that are measured at fair value on a recurring basis as of August 1, 2021, and August 2, 2020, consistent with the fair value hierarchy:

	Fair Value as of August 1, 2021	Fair Value Measurements at August 1, 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	\$ —	\$ 1	\$ —	\$ 1	\$ —
Commodity derivative contracts ⁽²⁾	53	21	31	1	7	3	2	2
Deferred compensation derivative contracts ⁽³⁾	3	—	3	—	4	—	4	—
Deferred compensation investments ⁽⁴⁾	3	3	—	—	3	3	—	—
Total assets at fair value	\$ 60	\$ 24	\$ 35	\$ 1	\$ 15	\$ 6	\$ 7	\$ 2
Liabilities								
Foreign exchange forward contracts ⁽¹⁾	\$ 3	\$ —	\$ 3	\$ —	\$ 2	\$ —	\$ 2	\$ —
Commodity derivative contracts ⁽²⁾	—	—	—	—	9	5	4	—
Deferred compensation obligation ⁽⁴⁾	105	105	—	—	92	92	—	—
Total liabilities at fair value	\$ 108	\$ 105	\$ 3	\$ —	\$ 103	\$ 97	\$ 6	\$ —

⁽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 investments for the years ended August 1, 2021, and August 2, 2020:

	2021	2020 ⁽¹⁾
Fair value at beginning of year	\$ 2	\$ 76
Gains (losses) recognized in earnings	6	(45)
Purchases	—	1
Sales	—	(29)
Settlements	(7)	(1)
Fair value at end of year	<u>\$ 1</u>	<u>\$ 2</u>

⁽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. See Note 14 for additional information.

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 August 1, 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 \$5,613 at August 1, 2021, and \$6,995 at August 2, 2020. The carrying value was \$5,058 at August 1, 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.

16. Shareholders' Equity

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

Share Repurchase Programs

In March 2017, the Board authorized a strategic share repurchase program to purchase up to \$1,500 (March 2017 program). The March 2017 program had no expiration date, but could 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 August 1, 2021.

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. In 2021, we repurchased 1 million shares at a cost of \$36. Approximately \$214 remained available under the June 2021 program as of August 1, 2021.

In September 2021, the Board approved a new strategic share repurchase program of up to \$500 (September 2021 program). The September 2021 program has no expiration date, but may be suspended or discontinued at any time. Repurchases under the September 2021 program may be made in open-market or privately negotiated transactions. The September 2021 program replaces the suspended March 2017 program, which has been cancelled.

17. Stock-based Compensation

In 2005, shareholders approved the 2005 Long-Term Incentive Plan, which authorized the issuance of 6 million shares to satisfy awards of stock options, stock appreciation rights, unrestricted stock, restricted stock/units (including performance restricted stock) and performance units. In 2008, shareholders approved an amendment to the 2005 Long-Term Incentive Plan to increase the number of authorized shares to 10.5 million and in 2010, shareholders approved another amendment to the 2005 Long-Term Incentive Plan to increase the number of authorized shares to 17.5 million. In 2015, shareholders approved the 2015 Long-Term Incentive Plan, which authorized the issuance of 13 million shares. Approximately 6 million of these shares were

shares that were currently available under the 2005 plan and were incorporated into the 2015 Plan upon approval by shareholders.

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

Stock options are granted on a selective basis under the Long-Term Incentive Plans. The term of a stock option granted under these plans may not exceed ten years from the date of grant. The option price may not be less than the fair market value of a share of common stock on the date of the grant. Options granted under these plans generally vest ratably over a three-year period. In 2019, we also granted certain options that vest at the end of a three-year period. We have not issued any stock options in 2021 or 2020.

In 2021, we issued time-lapse restricted stock units, unrestricted stock and TSR performance restricted stock units. We last issued FCF performance restricted stock units in 2019, EPS performance restricted stock units in 2018, strategic performance restricted stock units in 2014 and special performance restricted units in 2015.

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:

	2021	2020	2019
Total pre-tax stock-based compensation expense	\$ 64	\$ 59	\$ 50
Tax-related benefits	\$ 12	\$ 11	\$ 8

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

	2020	2019
Total pre-tax stock-based compensation expense	\$ 2	\$ 8
Tax-related benefits	\$ —	\$ 2

The following table summarizes stock option activity as of August 1, 2021:

	Options (Options in thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value
Outstanding at August 2, 2020	1,423	\$ 45.42		
Granted	—	\$ —		
Exercised	(51)	\$ 40.41		
Terminated	—	\$ —		
Outstanding at August 1, 2021	1,372	\$ 45.61	5.9	\$ 4
Exercisable at August 1, 2021	1,079	\$ 48.36	5.5	\$ 2

The total intrinsic value of options exercised during 2021 was not material. The total intrinsic value of options exercised during 2020 was \$2. No options were exercised during 2019. We measure the fair value of stock options using the Black-Scholes option pricing model. The expected term of options granted was based on the weighted average time of vesting and the end of the contractual term. We utilized this simplified method as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term.

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

	2019
Risk-free interest rate	2.79%
Expected dividend yield	3.84%
Expected volatility	25.28%
Expected term	6.1 years
Grant-date fair value	\$6.27

We expense stock options on a straight-line basis over the vesting period, except for awards issued to retirement eligible participants, which we expense on an accelerated basis. As of August 1, 2021, total remaining unearned compensation related to nonvested stock options was less than \$1, which will be amortized over the weighted-average remaining service period of less than 1 year.

The following table summarizes time-lapse restricted stock units, EPS performance restricted stock units and FCF performance restricted stock units as of August 1, 2021:

	Units (Restricted stock units in thousands)	Weighted- Average Grant-Date Fair Value
Nonvested at August 2, 2020	1,866	\$ 43.18
Granted	905	\$ 48.37
Vested	(799)	\$ 42.83
Forfeited	(158)	\$ 46.58
Nonvested at August 1, 2021	1,814	\$ 45.63

We determine the fair value of time-lapse restricted stock units, EPS performance restricted stock units and FCF performance restricted stock units based on the quoted price of our stock at the date of grant. We expense time-lapse restricted stock units on a straight-line basis over the vesting period, except for awards issued to retirement-eligible participants, which we expense on an accelerated basis. We 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. As of November 1, 2020, there were no EPS performance target grants outstanding. We expense FCF performance restricted stock units over the requisite service period of each objective. In 2019, we issued approximately 388 thousand FCF performance restricted stock units. As of November 1, 2020, we have granted all of the issued FCF performance restricted stock units, which are included in the table above. There were 239 thousand FCF performance target grants outstanding at August 1, 2021, with a weighted-average grant date fair value of \$44.10. The actual number of EPS performance restricted stock units and FCF performance restricted stock units that vest will depend on actual performance achieved. We estimate expense based on the number of awards expected to vest.

As of August 1, 2021, total remaining unearned compensation related to nonvested time-lapse restricted stock units and FCF performance restricted units was \$30, which will be amortized over the weighted-average remaining service period of 1.6 years. The fair value of restricted stock units vested during 2021, 2020 and 2019 was \$38, \$41 and \$26, respectively. The weighted-average grant-date fair value of the restricted stock units granted during 2020 and 2019 was \$46.82 and \$36.51, respectively. In the first quarter of 2022, recipients of FCF performance restricted stock units will receive a 167% payout based upon the average of actual performance achieved during a three-year period ended August 1, 2021.

The following table summarizes TSR performance restricted stock units as of August 1, 2021:

	Units (Restricted stock units in thousands)	Weighted- Average Grant-Date Fair Value
Nonvested at August 2, 2020	1,254	\$ 47.83
Granted	521	\$ 54.93
Vested	(236)	\$ 39.39
Forfeited	(317)	\$ 43.53
Nonvested at August 1, 2021	<u>1,222</u>	<u>\$ 53.60</u>

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

	2021	2020	2019
Risk-free interest rate	0.15%	1.48%	2.80%
Expected dividend yield	2.85%	2.95%	3.79%
Expected volatility	29.99%	27.01%	24.50%
Expected term	3 years	3 years	3 years

We recognize compensation expense on a straight-line basis over the service period, except for awards issued to retirement eligible participants, which we expense on an accelerated basis. As of August 1, 2021, total remaining unearned compensation related to TSR performance restricted stock units was \$25, which will be amortized over the weighted-average remaining service period of 1.6 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. In the first quarter of 2019, recipients of TSR performance restricted stock units earned 0% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 27, 2018. The fair value of TSR performance restricted stock units vested during 2021 was \$11. The weighted-average grant-date fair value of the TSR performance restricted stock units granted during 2020 and 2019 was \$63.06 and \$31.29, respectively. In the first quarter of 2022, recipients of TSR performance restricted stock units will receive a 75% payout based upon our TSR ranking in a performance peer group during a three-year period ended July 30, 2021.

The excess tax benefits of \$1 in 2021 and 2020 and the excess tax deficiencies of \$6 in 2019, 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 2021 and 2020, respectively, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

18. 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 August 1, 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 guarantee approximately 4,900 bank loans made to independent contractor distributors by third-party financial institutions for the purchase of distribution routes. The maximum potential amount of the future payments under existing guarantees we could be required to make is \$488 as of August 1, 2021. Our guarantees are indirectly secured by the distribution routes. We do not expect that we will be required to make material guarantee payments as a result of defaults on the bank loans guaranteed. The amounts recognized as of August 1, 2021, and August 2, 2020, were not material.

We have provided certain standard indemnifications in connection with divestitures, contracts and other transactions. Certain indemnifications have finite expiration dates. Liabilities recognized based on known exposures related to such matters were not material at August 1, 2021, and August 2, 2020.

19. Supplemental Financial Statement Data

Balance Sheets

	2021	2020
Accounts receivable		
Customer accounts receivable	\$ 556	\$ 544
Allowances	(12)	(14)
Subtotal	<u>\$ 544</u>	<u>\$ 530</u>
Other	51	45
	<u><u>\$ 595</u></u>	<u><u>\$ 575</u></u>
Inventories		
Raw materials, containers and supplies	\$ 321	\$ 297
Finished products	612	574
	<u><u>\$ 933</u></u>	<u><u>\$ 871</u></u>
Plant assets		
Land	\$ 75	\$ 75
Buildings	1,493	1,473
Machinery and equipment	3,732	3,463
Projects in progress	189	274
Total cost	<u>\$ 5,489</u>	<u>\$ 5,285</u>
Accumulated depreciation ⁽¹⁾	<u>(3,119)</u>	<u>(2,917)</u>
	<u><u>\$ 2,370</u></u>	<u><u>\$ 2,368</u></u>
Other assets		
Operating lease ROU assets, net of amortization	\$ 235	\$ 254
Pension	190	10
Other	24	19
	<u><u>\$ 449</u></u>	<u><u>\$ 283</u></u>
Accrued liabilities		
Accrued compensation and benefits	\$ 203	\$ 252
Fair value of derivatives	3	11
Accrued trade and consumer promotion programs	121	156
Accrued interest	70	79
Restructuring	6	12
Operating lease liabilities	54	67
Other	119	116
	<u><u>\$ 576</u></u>	<u><u>\$ 693</u></u>

	2021	2020
Other liabilities		
Pension benefits	\$ 142	\$ 242
Postretirement benefits	199	220
Operating lease liabilities	180	184
Deferred compensation	92	80
Unrecognized tax benefits	20	17
Other	72	77
	<u><u>\$ 705</u></u>	<u><u>\$ 820</u></u>

⁽¹⁾ Depreciation expense was \$275 in 2021, \$285 in 2020 and \$389 in 2019. Depreciation expense associated with discontinued operations was \$74 in 2019. Buildings are depreciated over periods ranging from 7 to 45 years. Machinery and equipment are depreciated over periods generally ranging from 2 to 20 years.

Statements of Earnings

	2021	2020	2019
Other expenses / (income)			
Amortization of intangible assets	\$ 42	\$ 43	\$ 48
Impairment of intangible assets ⁽¹⁾	—	—	16
Net periodic benefit expense (income) other than the service cost	(247)	30	43
Pension settlement charges (gains)	(38)	43	28
Investment losses ⁽²⁾	—	49	1
Loss on sales of businesses ⁽³⁾	11	64	—
Transition services fees	(27)	(10)	—
Other	5	2	4
	<u><u>\$ (254)</u></u>	<u><u>\$ 221</u></u>	<u><u>\$ 140</u></u>
Advertising and consumer promotion expense ⁽⁴⁾	\$ 399	\$ 463	\$ 347
Interest expense ⁽⁵⁾			
Interest expense	\$ 214	\$ 350	\$ 359
Less: Interest capitalized	4	5	3
	<u><u>\$ 210</u></u>	<u><u>\$ 345</u></u>	<u><u>\$ 356</u></u>

⁽¹⁾ See Note 3 for additional information.

⁽²⁾ 2020 includes a loss of \$45 related to Acre. See Note 14 for additional information.

⁽³⁾ In 2021, we recognized a loss of \$11 on the sale of the Plum baby food and snacks business. In 2020, we recognized a loss of \$64 on the sale of the European chips business. See Note 3 for additional information.

⁽⁴⁾ Included in Marketing and selling expenses.

⁽⁵⁾ In 2020, we recognized a loss of \$75 (including \$65 of premium, fees and other costs paid with the tender offers and unamortized debt issuance costs). See Note 12 for additional information.

Statements of Cash Flows

	2021	2020	2019
Cash Flows from Operating Activities			
Other non-cash charges to net earnings			
Operating lease ROU asset expense	\$ 75	\$ 75	\$ —
Amortization of debt issuance costs/debt discount	6	9	14
Benefit related expense	12	12	6
Other	(7)	5	4
	\$ 86	\$ 101	\$ 24
Other			
Benefit related payments	\$ (49)	\$ (53)	\$ (60)
Other	2	(6)	(4)
	\$ (47)	\$ (59)	\$ (64)
Other Cash Flow Information			
Interest paid	\$ 214	\$ 287	\$ 367
Interest received	\$ 1	\$ 4	\$ 3
Income taxes paid	\$ 212	\$ 222	\$ 117
Non-cash Activity			
Build-to-suit lease commitment	\$ —	\$ —	\$ 20

Management's Report on Internal Control Over Financial Reporting

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

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

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

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

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of August 1, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (2013)*. Based on this assessment using those criteria, management concluded that the Company's internal control over financial reporting was effective as of August 1, 2021.

The effectiveness of the Company's internal control over financial reporting as of August 1, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears on the next page.

/s/ Mark A. Clouse

Mark A. Clouse
President and Chief Executive Officer

/s/ Mick J. Beekhuizen

Mick J. Beekhuizen
Executive Vice President and Chief Financial Officer

/s/ Stanley Polomski

Stanley Polomski
Vice President and Controller
(Principal Accounting Officer)

September 23, 2021

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Campbell Soup Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Campbell Soup Company and its subsidiaries (the "Company") as of August 1, 2021 and August 2, 2020, and the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the three years in the period ended August 1, 2021, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended August 1, 2021 appearing on page 89 (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of August 1, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 1, 2021 and August 2, 2020, and the results of its operations and its cash flows for each of the three years in the period ended August 1, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 1, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

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

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

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

Indefinite-lived Intangible Assets Impairment Test for Certain Trademarks

As described in Notes 1 and 5 to the consolidated financial statements, the Company's indefinite-lived intangible assets (trademarks) were \$2,549 million as of August 1, 2021. Of the carrying value of all indefinite-lived trademarks, \$620 million related to the *Snyder's of Hanover* trademark, \$350 million related to the *Lance* trademark, \$292 million related to the *Pace* trademark, and \$280 million related to the *Pacific Foods* trademark. Management conducts a test at least annually for impairment, or when circumstances indicate that the carrying amount of the asset may not be recoverable. Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Management determines fair value based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average costs of capital, and assumed royalty rates.

The principal considerations for our determination that performing procedures relating to the indefinite-lived intangible assets impairment test for certain trademarks is a critical audit matter are the significant amount of judgment by management when developing the estimates related to the *Snyder's of Hanover*, *Lance*, *Pace*, and *Pacific Foods* trademarks, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to (i) revenue growth rates, weighted average costs of capital, and assumed royalty rates for the *Snyder's of Hanover*, *Pace*, and *Pacific Foods* trademarks and (ii) weighted average cost of capital and assumed royalty rate for the *Lance* trademark. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

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

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

September 23, 2021

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

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

None.

Item 9A. Controls and Procedures

We, under the supervision and with the participation of our management, including the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of August 1, 2021 (the Evaluation Date). Based on such evaluation, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective.

The annual report of management on our internal control over financial reporting is provided under "Financial Statements and Supplementary Data" on page 79. The attestation report of PricewaterhouseCoopers LLP, our independent registered public accounting firm, regarding our internal control over financial reporting is provided under "Financial Statements and Supplementary Data" on pages 80-81.

There were no changes in our internal control over financial reporting that materially affected, or were likely to materially affect, such internal control over financial reporting during the quarter ended August 1, 2021.

Item 9B. Other Information

None.

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

The sections entitled "Item 1 — Election of Directors" and "Voting Securities and Principal Shareholders — Ownership of Directors and Executive Officers" in our Proxy Statement for the 2021 Annual Meeting of Shareholders (the 2021 Proxy) are incorporated herein by reference. The information presented in the section entitled "Corporate Governance Policies and Practices — Board Meetings and Committees — Board Committee Structure" in the 2021 Proxy relating to the members of our Audit Committee and the Audit Committee's financial experts is incorporated herein by reference.

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

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

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

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

Item 11. Executive Compensation

The information presented in the sections entitled "Compensation Discussion and Analysis," "Executive Compensation Tables," "Corporate Governance Policies and Practices — Compensation of Directors," "Corporate Governance Policies and Practices — Board Meetings and Committees — Board Committee Structure — Compensation and Organization Committee Interlocks and Insider Participation" and "Compensation Discussion and Analysis — Compensation and Organization Committee Report" in the 2021 Proxy is incorporated herein by reference.

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

The information presented in the sections entitled "Voting Securities and Principal Shareholders — Ownership of Directors and Executive Officers" and "Voting Securities and Principal Shareholders — Principal Shareholders" in the 2021 Proxy is incorporated herein by reference.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about the stock that could have been issued under our equity compensation plans as of August 1, 2021:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column) (c)
Equity Compensation Plans Approved by Security Holders ⁽¹⁾	5,869,698	\$ 45.61	4,194,683
Equity Compensation Plans Not Approved by Security Holders	N/A	N/A	N/A
Total	5,869,698	\$ 45.61	4,194,683

⁽¹⁾ Column (a) represents stock options and restricted stock units outstanding under the 2015 Long-Term Incentive Plan and the 2005 Long-Term Incentive Plan. Column (a) includes 2,921,682 TSR performance restricted stock units and Free Cash Flow performance restricted stock units based on the maximum number of shares potentially issuable under the awards, and the number of shares, if any, to be issued pursuant to such awards will be determined based upon performance during the applicable three-year performance period. No additional awards can be made under the 2005 Long-Term Incentive Plan. Future equity awards under the 2015 Long-Term Incentive Plan may take the form of stock options, stock appreciation rights, performance unit awards, restricted stock, restricted performance stock, restricted stock units, or stock awards. Column (b) represents the weighted-average exercise price of the outstanding stock options only; the outstanding restricted stock units are not included in this calculation. Column (c) represents the maximum number of future equity awards that can be made under the 2015 Long-Term Incentive Plan as of August 1, 2021.

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

The information presented in the section entitled "Corporate Governance Policies and Practices — Transactions with Related Persons," "Item 1 — Election of Directors," "Corporate Governance Policies and Practices — Director Independence" and "Corporate Governance Policies and Practices — Board Meetings and Committees — Board Committee Structure" in the 2021 Proxy is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information presented in the sections entitled "Item 2 — Ratification of Appointment of Independent Registered Public Accounting Firm — Audit Firm Fees and Services" and "Item 2 — Ratification of Appointment of Independent Registered Public Accounting Firm — Audit Committee Pre-Approval Policy" in the 2021 Proxy is incorporated herein by reference.

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

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

1. Financial Statements

- Consolidated Statements of Earnings for 2021, 2020 and 2019
- Consolidated Statements of Comprehensive Income for 2021, 2020 and 2019
- Consolidated Balance Sheets as of August 1, 2021 and August 2, 2020
- Consolidated Statements of Cash Flows for 2021, 2020 and 2019
- Consolidated Statements of Equity for 2021, 2020 and 2019
- Notes to Consolidated Financial Statements
- Management's Report on Internal Control Over Financial Reporting
- Report of Independent Registered Public Accounting Firm

2. Financial Statement Schedule

- II - Valuation and Qualifying Accounts for 2021, 2020 and 2019

3. Exhibits

Reference is made to Item 15(b) below.

(b) *Exhibits.* The Exhibit Index, which immediately precedes the signature page, is incorporated by reference into this Report.

(c) *Financial Statement Schedules.* Reference is made to Item 15(a)(2) above.

Item 16. Form 10-K Summary

None.

INDEX TO EXHIBITS

2	<u>Stock and Asset Purchase Agreement, dated August 1, 2019, by and among Campbell Soup Company and Snacking Investments BidCo Pty Limited, is incorporated by reference to Exhibit 2.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on August 7, 2019.</u>
3(a)	<u>Campbell's Restated Certificate of Incorporation, as amended through February 24, 1997, is incorporated by reference to Exhibit 3(i) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 28, 2002.</u>
3(b)	<u>By-Laws of Campbell Soup Company, amended and restated effective June 24, 2020, are incorporated by reference to Exhibit 3 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on June 25, 2020.</u>
4(a)	<u>Indenture, dated November 24, 2008, between Campbell and The Bank of New York Mellon, as Trustee, is incorporated by reference to Exhibit 4(a) to Campbell's Registration Statement on Form S-3 (SEC file number 333-155626) filed with the SEC on November 24, 2008.</u>
4(b)	<u>Form of First Supplemental Indenture, dated August 2, 2012, among Campbell, The Bank of New York Mellon and Wells Fargo Bank, National Association, as Series Trustee, to Indenture dated November 24, 2008, is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on August 2, 2012.</u>
4(c)	<u>Form of Subordinated Indenture between Campbell and Wells Fargo Bank, National Association, as Trustee, is incorporated by reference to Exhibit 4.2 to Campbell's Registration Statement on Form S-3 (SEC file number 333-249174) filed with the SEC on September 30, 2020.</u>
4(d)	<u>Indenture dated as of March 19, 2015, between Campbell and Wells Fargo Bank, National Association, as trustee, is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 19, 2015.</u>
4(e)	<u>Form of 2.500% Notes due 2022 is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on August 2, 2012.</u>
4(f)	<u>Form of 3.800% Notes due 2042 is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on August 2, 2012.</u>
4(g)	<u>Form of 3.300% Note due 2025 is incorporated by reference to Exhibit 4.2 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 19, 2015.</u>
4(h)	<u>Form of Floating Rate Note due 2021 is incorporated by reference to Exhibit 4.2.2 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018.</u>
4(i)	<u>Form of 3.650% Note due 2023 is incorporated by reference to Exhibit 4.2.4 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018.</u>
4(j)	<u>Form of 3.950% Note due 2025 is incorporated by reference to Exhibit 4.2.5 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018.</u>
4(k)	<u>Form of 4.150% Note due 2028 is incorporated by reference to Exhibit 4.2.6 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018.</u>
4(l)	<u>Form of 4.800% Note due 2048 is incorporated by reference to Exhibit 4.2.7 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on March 16, 2018.</u>
4(m)	<u>Form of 2.375% Note due 2030 incorporated by reference to Exhibit 4.2.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on April 24, 2020.</u>
4(n)	<u>Form of 3.125% Note due 2050 incorporated by reference to Exhibit 4.2.2 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on April 24, 2020.</u>
4(o)	<u>Description of securities incorporated by reference to Exhibit 4(p) to Campbell's Form 10-K (SEC file number 1-3822) filed with the SEC on September 26, 2019.</u>
10(a)+	<u>Campbell Soup Company 2005 Long-Term Incentive Plan, as amended and restated on November 18, 2010, is incorporated by reference to Campbell's 2010 Proxy Statement (SEC file number 1-3822) filed with the SEC on October 7, 2010.</u>
10(b)+	<u>Campbell Soup Company 2015 Long-Term Incentive Plan is incorporated by reference to Campbell's 2015 Proxy Statement (SEC file number 1-3822) filed with the SEC on October 9, 2015.</u>

10(c)+	<u>Campbell Soup Company Annual Incentive Plan, as amended on November 19, 2014, is incorporated by reference to Campbell's 2014 Proxy Statement (SEC file number 1-3822) filed with the SEC on October 1, 2014.</u>	10(v)	<u>Three-Year Credit Agreement, dated November 2, 2020, by and among Campbell Soup Company, the Eligible Subsidiaries party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders named therein, incorporated by reference to Registrant's Current Report on Form 8-K (SEC file number 1-3822) filed with the SEC on November 2, 2020.</u>
10(d)+	<u>Campbell Soup Company Mid-Career Hire Pension Plan, as amended and restated effective as of January 1, 2009, is incorporated by reference to Exhibit 10(a) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended February 1, 2009.</u>	10(w)	<u>Support Agreement, dated November 26, 2018, by and among Campbell Soup Company and Third Point LLC, Third Point Partners Qualified L.P., Third Point Partners L.P., Third Point Offshore Master Fund L.P., Third Point Ultra Master Fund L.P., Third Point Enhanced L.P., Third Point Advisors LLC, Third Point Advisors II LLC and the Revocable Trust of George Strawbridge, Jr., dated January 21, 1991 is incorporated by reference to Exhibit 10.1 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on November 26, 2018.</u>
10(e)+	<u>First Amendment to the Campbell Soup Company Mid-Career Hire Pension Plan, effective as of December 31, 2010, is incorporated by reference to Exhibit 10(a) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 30, 2011.</u>	10(x)	<u>2021 Non-Employee Director Fees are incorporated by reference to Exhibit 10.2 to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended November 1, 2020.</u>
10(f)+	<u>Deferred Compensation Plan, effective November 18, 1999, is incorporated herein by reference to Exhibit 10(e) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 30, 2000.</u>	10(y)+	<u>First Amendment to the Campbell Soup Company Supplemental Retirement Plan effective November 30, 2018 is incorporated by reference to Exhibit 10(b) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 27, 2019.</u>
10(g)+	<u>Campbell Soup Company Supplemental Retirement Plan (formerly known as Deferred Compensation Plan II), as amended and restated effective as of August 1, 2015, is incorporated herein by reference to Exhibit 4(c) to Campbell's Form S-8 (SEC file number 333-216582) filed with the SEC on March 9, 2017.</u>	10(z)+	<u>Second Amendment to the Campbell Soup Company Supplemental Retirement Plan effective September 16, 2020 is incorporated by reference to Exhibit 10(bb) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended August 2, 2020.</u>
10(h)+	<u>Form of Severance Protection Agreement is incorporated by reference to Exhibit 10(i) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 30, 2017.</u>	10(aa)+	<u>Third Amendment to the Campbell Soup Company Supplemental Retirement Plan effective December 31, 2020 is incorporated by reference to Exhibit 10.1 to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 31, 2021.</u>
10(i)+	<u>Form of Amendment to the Severance Protection Agreement is incorporated by reference to Exhibit 10(j) to Campbell's Form 10-K (SEC file number) for the fiscal year ended July 30, 2017.</u>	10(bb)+	<u>Campbell Soup Company Executive Severance Pay Plan is incorporated by reference to Exhibit 10 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on April 2, 2019.</u>
10(j)+	<u>Form of U.S. Severance Protection Agreement is incorporated by reference to Exhibit 10(m) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2011.</u>	21	<u>Subsidiary List.</u>
10(k)+	<u>Form of Amendment to U.S. Severance Protection Agreement is incorporated by reference to Exhibit 10(o) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2016.</u>	23	<u>Consent of Independent Registered Public Accounting Firm.</u>
10(l)+	<u>Campbell Soup Company Supplemental Employees' Retirement Plan, as amended and restated effective January 1, 2009, is incorporated by reference to Exhibit 10(c) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended February 1, 2009.</u>	24	<u>Powers of Attorney.</u>
10(m)+	<u>First Amendment to the Campbell Soup Company Supplemental Employees' Retirement Plan, effective as of December 31, 2010, is incorporated by reference to Exhibit 10(c) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 30, 2011.</u>	31(a)	<u>Certification of Mark A. Clouse pursuant to Rule 13a-14(a).</u>
10(n)+	<u>Form of 2005 Long-Term Incentive Plan Nonqualified Stock Option Agreement is incorporated by reference to Exhibit 10 to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended November 1, 2015.</u>	31(b)	<u>Certification of Mick J. Beekhuizen pursuant to Rule 13a-14(a).</u>
10(o)+	<u>Form of 2015 Long-Term Incentive Plan Nonqualified Stock Option Agreement is incorporated by reference to Exhibit 10(dd) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2016.</u>	32(a)	<u>Certification of Mark A. Clouse pursuant to 18 U.S.C. Section 1350.</u>
10(p)+	<u>Form of 2015 Long-Term Incentive Plan Performance Stock Unit Agreement (Earnings Per Share) is incorporated by reference to Exhibit 10(b) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended October 30, 2016.</u>	32(b)	<u>Certification of Mick J. Beekhuizen pursuant to 18 U.S.C. Section 1350.</u>
10(q)+	<u>Form of 2015 Long-Term Incentive Plan Performance Stock Unit Agreement (Total Shareholder Return) is incorporated by reference to Exhibit 10(ff) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2016.</u>	101.INS	<u>XBRL Instance Document</u>
10(r)+	<u>Form of 2015 Long-Term Incentive Plan Time-Lapse Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10(c) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended October 30, 2016.</u>	101.SCH	<u>XBRL Schema Document</u>
10(s)+	<u>Form of 2015 Long-Term Incentive Plan Time-Lapse Restricted Stock Unit Agreement.</u>	101.CAL	<u>XBRL Calculation Linkbase Document</u>
10(t)+	<u>Form of 2015 Long-Term Incentive Performance Restricted Stock Unit Agreement.</u>	101.DEF	<u>XBRL Definition Linkbase Document</u>
10(u)+	<u>Severance Agreement and General Release executed November 25, 2019 by and between Anthony DiSilvestro and Campbell Soup Company is incorporated by reference to Exhibit 10.2 to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 26, 2020.</u>	101.LAB	<u>XBRL Label Linkbase Document</u>
		101.PRE	<u>XBRL Presentation Linkbase Document</u>
		104	The cover page from this Annual Report on Form 10-K, formulated in Inline XBRL (see exhibit 101)

+This exhibit is a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, Campbell has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

September 23, 2021

CAMPBELL SOUP COMPANY

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

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of Campbell and in the capacities indicated on September 23, 2021.

Signatures	
<u>/s/ Mark A. Clouse</u>	*
Mark A. Clouse	Maria Teresa Hilado
President and Chief Executive Officer and Director	Director
(Principal Executive Officer)	
<u>/s/ Mick J. Beekhuizen</u>	*
Mick J. Beekhuizen	Grant H. Hill
Executive Vice President and Chief Financial Officer	Director
(Principal Financial Officer)	
<u>/s/ Stanley Polomski</u>	*
Stanley Polomski	Sarah Hofstetter
Vice President and Controller	Director
(Principal Accounting Officer)	
*	*
Keith R. McLoughlin	Marc B. Lautenbach
Chair and Director	Director
*	*
Fabiola R. Arredondo	Mary Alice D. Malone
Director	Director
*	*
Howard M. Averill	Kurt T. Schmidt
Director	Director
*	*
John P. Bilbrey	Archbold D. van Beuren
Director	Director
*	
Bennett Dorrance	* By: /s/ Charles A. Brawley, III
Director	Name: Charles A. Brawley, III
	Title: Vice President, Deputy General Counsel
	and Corporate Secretary, as Attorney-in-fact
	(pursuant to powers of attorney)

CAMPBELL SOUP COMPANY
Valuation and Qualifying Accounts
For the Fiscal Years ended August 1, 2021, August 2, 2020, and July 28, 2019
(Millions)

This schedule of valuation and qualifying accounts for continuing operations should be read in conjunction with the Consolidated Financial Statements. This schedule excludes amounts related to discontinued operations. See Note 3 to the Consolidated Financial Statements for additional information.

	Balance at Beginning of Period	Charged to/ (Reduction in) Costs and Expenses	Deductions	Divestiture	Balance at End of Period
Fiscal year ended August 1, 2021					
Cash discount	\$ 6	\$ 137	\$ (137)	\$ —	\$ 6
Bad debt reserve	4	—	(2)	—	2
Returns reserve ⁽¹⁾	4	—	—	—	4
Total Accounts receivable allowances	<u>\$ 14</u>	<u>\$ 137</u>	<u>\$ (139)</u>	<u>\$ —</u>	<u>\$ 12</u>
Fiscal year ended August 2, 2020					
Cash discount	\$ 6	\$ 139	\$ (139)	\$ —	\$ 6
Bad debt reserve	3	2	—	(1)	4
Returns reserve ⁽¹⁾	4	1	(1)	—	4
Total Accounts receivable allowances	<u>\$ 13</u>	<u>\$ 142</u>	<u>\$ (140)</u>	<u>\$ (1)</u>	<u>\$ 14</u>
Fiscal year ended July 28, 2019					
Cash discount	\$ 6	\$ 132	\$ (132)	\$ —	\$ 6
Bad debt reserve	3	1	(1)	—	3
Returns reserve ⁽¹⁾	9	(2)	(3)	—	4
Total Accounts receivable allowances	<u>\$ 18</u>	<u>\$ 131</u>	<u>\$ (136)</u>	<u>\$ —</u>	<u>\$ 13</u>

⁽¹⁾ The returns reserve is evaluated quarterly and adjusted accordingly. During each period, returns are charged to net sales in the Consolidated Statements of Earnings as incurred. Actual returns were approximately \$100 in 2021, \$99 in 2020, and \$107 in 2019, or less than 2% of net sales.

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

I, Mark A. Clouse, certify that:

1. I have reviewed this Annual Report on Form 10-K of Campbell Soup Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 23, 2021

By: /s/ Mark A. Clouse

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

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

I, Mick J. Beekhuizen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Campbell Soup Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 23, 2021

By: /s/ Mick J. Beekhuizen

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

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

In connection with the Annual Report of Campbell Soup Company (the “Company”) on Form 10-K for the fiscal year ended August 1, 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: September 23, 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.

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

In connection with the Annual Report of Campbell Soup Company (the “Company”) on Form 10-K for the fiscal year ended August 1, 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: September 23, 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.

Shareholder Information

World Headquarters

Campbell Soup Company
1 Campbell Place, Camden, NJ 08103-1799
(856) 342-4800 • (856) 342-3878 (Fax)

Stock Exchange Listing

New York Stock Exchange Ticker Symbol: CPB

Transfer Agent and Registrar

Computershare Trust Company, N.A.
P.O. Box 505000
Louisville, KY 40233-5000
1-800-780-3203

Independent Accountants

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

Dividends

We have paid dividends since the company became public in 1954. Dividends are normally paid quarterly, near the end of January, April, July and October.

A dividend reinvestment plan is available to shareholders. For information about dividends or the dividend reinvestment plan, write to Dividend Reinvestment Plan Agent, Campbell Soup Company, P.O. Box 505000, Louisville, KY 40233-5000. Or call: (781) 575-2723 or 1-800-780-3203.

Publications

For copies of the Annual Report or the SEC Form 10-K or other financial information, visit investor.campbellsoupcompany.com.

For copies of Campbell's Corporate Responsibility Report, write to Megan Maltenfort, Director, Corporate Responsibility and Sustainability at csr_feedback@campbellsoup.com.

Information Sources

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

Investors and financial analysts may contact Rebecca Gardy, Vice President, Investor Relations, at the World Headquarters address or call (856) 342-6081.

Media and public relations inquiries should be directed to James Regan, Director of External Communications, at the World Headquarters address or call (856) 219-6409.

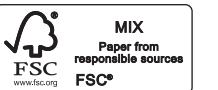
Communications concerning share transfer, lost certificates, dividends and change of address, should be directed to Computershare Trust Company, N.A., 1-800-780-3203.

Shareholder Information Service

For the latest quarterly business results or other information requests such as dividend dates, shareholder programs or product news, visit investor.campbellsoupcompany.com.

Campbell Brands

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Impact. To connect to our Corporate Responsibility Report and learn more about our Environmental, Social and Governance strategy, go to campbellsoupcompany.com/our-impact.



On the Web. Visit us at: campbellsoupcompany.com for company news and information.



Careers. To explore career opportunities, visit us at: careers.campbellsoupcompany.com.



Twitter + Instagram. Follow us: @CampbellSoupCo for tweets and stories about our company, programs and brands.



LinkedIn. For stories about our company and brands, follow us at: Linkedin.com/company/campbell-soup-company

