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

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

For The Quarterly Period Ended	Commission File Number
April 26, 2020	1-3822

CAMPBELL SOUP COMPANY

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

1 Campbell Place
Camden, New Jersey 08103-1799
Principal Executive Offices

Telephone Number: (856) 342-4800

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

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

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

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

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

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

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

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

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

There were 302,164,426 shares of capital stock outstanding as of May 27, 2020.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. *Financial Statements*

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

	Three Months Ended		Nine Months Ended	
	April 26, 2020	April 28, 2019	April 26, 2020	April 28, 2019
Net sales	**$ 2,238**	$ 1,953	**$ 6,583**	$ 6,327
Costs and expenses				
Cost of products sold	**1,466**	1,298	**4,331**	4,240
Marketing and selling expenses	**239**	215	**682**	647
Administrative expenses	**154**	150	**436**	444
Research and development expenses	**25**	23	**69**	66
Other expenses / (income)	**81**	20	**115**	12
Restructuring charges	**—**	2	**10**	22
Total costs and expenses	**1,965**	1,708	**5,643**	5,431
Earnings before interest and taxes	**273**	245	**940**	896
Interest expense	**55**	89	**284**	271
Interest income	**—**	—	**3**	1
Earnings before taxes	**218**	156	**659**	626
Taxes on earnings	**52**	33	**153**	147
Earnings from continuing operations	**166**	123	**506**	479
Earnings (loss) from discontinued operations	**2**	(39)	**1,036**	(260)
Net earnings	**168**	84	**1,542**	219
Less: Net earnings (loss) attributable to noncontrolling interests	**—**	—	**—**	—
Net earnings attributable to Campbell Soup Company	**$ 168**	$ 84	**$ 1,542**	$ 219
Per Share — Basic				
Earnings from continuing operations attributable to Campbell Soup Company	**$ .55**	$ .41	**$ 1.68**	$ 1.59
Earnings (loss) from discontinued operations	**.01**	(.13)	**3.43**	(.86)
Net earnings attributable to Campbell Soup Company	**$ .56**	$ .28	**$ 5.11**	$ .73
Weighted average shares outstanding — basic	**302**	301	**302**	301
Per Share — Assuming Dilution				
Earnings from continuing operations attributable to Campbell Soup Company	**$ .55**	$ .41	**$ 1.66**	$ 1.59
Earnings (loss) from discontinued operations	**.01**	(.13)	**3.41**	(.86)
Net earnings attributable to Campbell Soup Company[1]	**$ .55**	$ .28	**$ 5.07**	$ .73
Weighted average shares outstanding — assuming dilution	**304**	302	**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
(unaudited)
(millions)

	Three Months Ended					
	April 26, 2020			April 28, 2019		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net earnings (loss)			**$ 168**			$ 84
Other comprehensive income (loss):						
Foreign currency translation:						
Foreign currency translation adjustments	**$ (13)**	**$ —**	**(13)**	$ (26)	$ —	(26)
Cash-flow hedges:						
Unrealized gains (losses) arising during the period	**8**	**(2)**	**6**	2	—	2
Reclassification adjustment for (gains) losses included in net earnings	**1**	**—**	**1**	(1)	—	(1)
Pension and other postretirement benefits:						
Reclassification of prior service credit included in net earnings	**(7)**	**2**	**(5)**	(8)	2	(6)
Other comprehensive income (loss)	**$ (11)**	**$ —**	**(11)**	$ (33)	$ 2	(31)
Total comprehensive income (loss)			**$ 157**			$ 53
Total comprehensive income (loss) attributable to noncontrolling interests			**1**			—
Total comprehensive income (loss) attributable to Campbell Soup Company			**$ 156**			$ 53

	Nine Months Ended					
	April 26, 2020			April 28, 2019		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net earnings (loss)			**$ 1,542**			$ 219
Other comprehensive income (loss):						
Foreign currency translation:						
Foreign currency translation adjustments	**$ (10)**	**$ —**	**(10)**	$ (49)	$ —	(49)
Reclassification of currency translation adjustments realized upon disposal of businesses	**206**	**4**	**210**	—	—	—
Cash-flow hedges:						
Unrealized gains (losses) arising during period	**9**	**(2)**	**7**	1	—	1
Reclassification adjustment for (gains) losses included in net earnings	**2**	**(1)**	**1**	—	—	—
Pension and other postretirement benefits:						
Reclassification of prior service credit included in net earnings	**(21)**	**5**	**(16)**	(22)	5	(17)
Other comprehensive income (loss)	**$ 186**	**$ 6**	**192**	$ (70)	$ 5	(65)
Total comprehensive income (loss)			**$ 1,734**			$ 154
Total comprehensive income (loss) attributable to noncontrolling interests			**1**			—
Total comprehensive income (loss) attributable to Campbell Soup Company			**$ 1,733**			$ 154

See accompanying Notes to Consolidated Financial Statements.

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

	April 26, 2020	July 28, 2019
Current assets		
Cash and cash equivalents	**$ 1,242**	$ 31
Accounts receivable, net	**662**	574
Inventories	**731**	863
Other current assets ($29 as of 2020 attributable to variable interest entity)	**111**	71
Current assets of discontinued operations	**—**	428
Total current assets	**2,746**	1,967
Plant assets, net of depreciation	**2,340**	2,455
Goodwill	**3,981**	4,017
Other intangible assets, net of amortization	**3,362**	3,415
Other assets ($76 as of 2019 attributable to variable interest entity)	**289**	127
Noncurrent assets of discontinued operations	**—**	1,167
Total assets	**$ 12,718**	$ 13,148
Current liabilities		
Short-term borrowings	**$ 1,504**	$ 1,371
Payable to suppliers and others	**993**	814
Accrued liabilities	**619**	609
Dividends payable	**108**	107
Accrued income taxes	**45**	15
Current liabilities of discontinued operations	**—**	469
Total current liabilities	**3,269**	3,385
Long-term debt	**5,191**	7,103
Deferred taxes	**959**	924
Other liabilities	**718**	559
Noncurrent liabilities of discontinued operations	**—**	65
Total liabilities	**10,137**	12,036
Commitments and contingencies		
Campbell Soup Company shareholders' equity		
Preferred stock; authorized 40 shares; none issued	**—**	—
Capital stock, $.0375 par value; authorized 560 shares; issued 323 shares	**12**	12
Additional paid-in capital	**386**	372
Earnings retained in the business	**3,212**	1,993
Capital stock in treasury, at cost	**(1,028)**	(1,076)
Accumulated other comprehensive income (loss)	**(7)**	(198)
Total Campbell Soup Company shareholders' equity	**2,575**	1,103
Noncontrolling interests	**6**	9
Total equity	**2,581**	1,112
Total liabilities and equity	**$ 12,718**	$ 13,148

See accompanying Notes to Consolidated Financial Statements.

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

	Nine Months Ended	
	April 26, 2020	**April 28, 2019**
Cash flows from operating activities:		
Net earnings	**$ 1,542**	$ 219
Adjustments to reconcile net earnings to operating cash flow		
Impairment charges	**—**	360
Restructuring charges	**10**	22
Stock-based compensation	**47**	45
Pension and postretirement benefit income	**(11)**	(16)
Depreciation and amortization	**241**	349
Deferred income taxes	**35**	50
Net (gain) loss on sales of businesses	**(975)**	18
Loss on extinguishment of debt	**75**	—
Investment losses	**49**	—
Other	**74**	21
Changes in working capital, net of acquisition and divestitures		
Accounts receivable	**(121)**	(63)
Inventories	**118**	156
Prepaid assets	**(4)**	(19)
Accounts payable and accrued liabilities	**92**	60
Other	**(47)**	(54)
Net cash provided by operating activities	**1,125**	1,148
Cash flows from investing activities:		
Purchases of plant assets	**(220)**	(274)
Purchases of route businesses	**(10)**	(27)
Sales of route businesses	**8**	29
Business acquired, net of cash acquired	**—**	(18)
Sales of businesses, net of cash divested	**2,537**	54
Other	**3**	14
Net cash provided by (used in) investing activities	**2,318**	(222)
Cash flows from financing activities:		
Short-term borrowings	**5,610**	4,681
Short-term repayments	**(6,405)**	(4,995)
Long-term borrowings	**1,000**	—
Long-term repayments	**(499)**	(300)
Dividends paid	**(320)**	(318)
Treasury stock issuances	**23**	—
Payments related to tax withholding for stock-based compensation	**(10)**	(8)
Payments related to extinguishment of debt	**(1,768)**	—
Payments of debt issuance costs	**(9)**	(1)
Net cash used in financing activities	**(2,378)**	(941)
Effect of exchange rate changes on cash	**(2)**	(5)
Net change in cash and cash equivalents	**1,063**	(20)
Cash and cash equivalents — beginning of period	**31**	49
Cash and cash equivalents discontinued operations — beginning of period	**148**	177
Cash and cash equivalents discontinued operations — end of period	**—**	(161)
Cash and cash equivalents — end of period	**$ 1,242**	$ 45

See accompanying Notes to Consolidated Financial Statements.

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

	Campbell Soup Company Shareholders' Equity								
	Capital Stock								
	Issued		In Treasury						
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Earnings Retained in the Business	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance at January 27, 2019	323	$ 12	(22)	$ (1,079)	$ 349	$ 2,130	$ (143)	$ 9	$ 1,278
Net earnings (loss)						84		—	84
Other comprehensive income (loss)							(31)	—	(31)
Dividends ($.35 per share)						(107)			(107)
Treasury stock purchased			—	—					—
Treasury stock issued under management incentive and stock option plans			—	2	11	—			13
Balance at April 28, 2019	323	$ 12	(22)	$ (1,077)	$ 360	$ 2,107	$ (174)	$ 9	$ 1,237
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)						219		—	219
Other comprehensive income (loss)							(65)	—	(65)
Dividends ($1.05 per share)						(319)			(319)
Treasury stock purchased			—	—					—
Treasury stock issued under management incentive and stock option plans			—	26	11	—			37
Balance at April 28, 2019	323	$ 12	(22)	$ (1,077)	$ 360	$ 2,107	$ (174)	$ 9	$ 1,237
Balance at January 26, 2020	323	$ 12	(21)	$ (1,048)	$ 374	$ 3,151	$ 5	$ 5	$ 2,499
Net earnings (loss)						**168**		**—**	**168**
Other comprehensive income (loss)							**(12)**	**1**	**(11)**
Dividends ($.35 per share)						**(107)**			**(107)**
Treasury stock purchased			**—**	**—**					**—**
Treasury stock issued under management incentive and stock option plans			**—**	**20**	**12**	**—**			**32**
Balance at April 26, 2020	**323**	**$ 12**	**(21)**	**$ (1,028)**	**$ 386**	**$ 3,212**	**$ (7)**	**$ 6**	**$ 2,581**
Balance at July 28, 2019	323	$ 12	(22)	$ (1,076)	$ 372	$ 1,993	$ (198)	$ 9	$ 1,112
Net earnings (loss)						**1,542**		**—**	**1,542**
Divestiture								**(4)**	**(4)**
Other comprehensive income (loss)							**191**	**1**	**192**
Dividends ($1.05 per share)						**(321)**			**(321)**
Treasury stock purchased			**—**	**—**					**—**
Treasury stock issued under management incentive and stock option plans			**1**	**48**	**14**	**(2)**			**60**
Balance at April 26, 2020	**323**	**$ 12**	**(21)**	**$ (1,028)**	**$ 386**	**$ 3,212**	**$ (7)**	**$ 6**	**$ 2,581**

[1] See Note 2 for additional detail.

See accompanying Notes to Consolidated Financial Statements.

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

1. Basis of Presentation and Significant Accounting Policies

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

The consolidated financial statements include our accounts and entities in which we maintain a controlling financial interest and a variable interest entity (VIE) for which we were the primary beneficiary. See Note 14 for a discussion of the VIE. Intercompany transactions are eliminated in consolidation. See Note 3 for a discussion of Discontinued Operations.

The financial statements reflect all adjustments which are, in our opinion, necessary for a fair statement of the results of operations, financial position, and cash flows for the indicated periods. The accounting policies we used in preparing these financial statements are substantially consistent with those we applied in our Annual Report on Form 10-K for the year ended July 28, 2019, except as described below and in Note 2.

The results for the period are not necessarily indicative of the results to be expected for other interim periods or the full year. Our fiscal year ends on the Sunday nearest July 31, which is August 2, 2020. There will be 53 weeks in 2020. There were 52 weeks in 2019.

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 11 for additional information.

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 at the beginning of 2020 using this transition method. We elected to apply a package of practical expedients, which allowed us to not reassess prior conclusions related to contracts containing leases, lease classification, and initial direct costs. Adoption of the new guidance resulted in the recognition of operating lease ROU assets of $259 and operating lease liabilities of $254, with the difference between the assets and liabilities primarily due to below market assets, deferred rent and prepaid rent. In addition, we derecognized $20 of an asset and liability associated with a build-to-suit lease arrangement. The adoption did not have a material impact on consolidated net earnings or cash flows. See Note 11 for additional information.

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

Accounting Pronouncements Not Yet Adopted

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

In August 2018, the FASB issued guidance that eliminates, adds, and modifies certain disclosure requirements for fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within those years. Early adoption is permitted. Certain disclosures in the guidance must be applied on a retrospective basis, while others must be applied on a prospective basis. We are currently evaluating the impact that the new guidance will have on our disclosures.

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 are currently evaluating the impact that the new guidance will have on our consolidated financial statements. We intend to adopt the guidance on a prospective basis.

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

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

3. Divestitures

Discontinued Operations

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

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

Results of discontinued operations were as follows:

	Three Months Ended		Nine Months Ended		
	Campbell International	Campbell Fresh	Campbell International		Campbell Fresh
	April 28, 2019	April 28, 2019	April 26, 2020	April 28, 2019	April 28, 2019
Net sales	$ 225	$ 210	**$ 359**	$ 802	$ 666
Impairment charges	$ —	$ —	**$ —**	$ —	$ 360
Earnings (loss) before taxes from operations	$ 21	$ 7	**$ 53**	$ 115	$ (361)
Taxes on earnings (loss) from operations	12	7	**17**	39	(82)
Gain (loss) on sale of businesses / costs associated with selling the businesses	(2)	(24)	**1,039**	(7)	(31)
Tax expense (benefit) on sale / costs associated with selling the businesses	(1)	23	**39**	(2)	21
Earnings (loss) from discontinued operations	$ 8	$ (47)	**$ 1,036**	$ 71	$ (331)

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

In the 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, in the third quarter of 2019, we recorded tax expense of $29 as deferred tax assets on Bolthouse Farms were not realizable.

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

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

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

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

	Nine Months Ended	
	April 26, 2020	**April 28, 2019**
Cash flows from discontinued operating activities:		
Impairment charges	**$ —**	$ 360
Depreciation and amortization[(1)]	**—**	72
Net (gain) loss on sales of discontinued operations businesses	**(1,039)**	18
Cash flows from discontinued investing activities:		
Capital expenditures	**$ 30**	$ 45
Sales of discontinued operations businesses, net of cash divested	**2,466**	54

(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 European chips business had net sales of $25 for the nine-month period ended April 26, 2020. The European chips business had net sales of $33 for the three-month period and $93 for the nine-month period ended April 28, 2019. Earnings were not material in either period. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment. The pre-tax loss recognized in the first quarter on the sale was $64, which included the impact of allocated goodwill and foreign currency translation adjustments. For tax purposes, in the first quarter, the capital loss on the sale was offset by a valuation allowance.

In the second quarter of 2020, we recognized a $19 tax benefit in continuing operations as we were able to use the capital loss on this sale to offset a portion of the capital gain from the sale of the Arnott's and other international operations.

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	(49)	1	—	(48)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	(17)	(17)
Net current-period other comprehensive income (loss)	(49)	1	(17)	(65)
Balance at April 28, 2019	$ (201)	$ (6)	$ 33	$ (174)
Balance at July 28, 2019	$ (218)	$ (9)	$ 29	$ (198)
Other comprehensive income (loss) before reclassifications	**(11)**	**7**	**—**	**(4)**
Amounts reclassified from accumulated other comprehensive income (loss)(5)	**210**	**1**	**(16)**	**195**
Net current-period other comprehensive income (loss)	**199**	**8**	**(16)**	**191**
Balance at April 26, 2020	**$ (19)**	**$ (1)**	**$ 13**	**$ (7)**

(1) Included no tax as of April 26, 2020, a tax expense of $4 as of July 28, 2019, and April 28, 2019, and $6 as of July 29, 2018.
(2) Included a tax expense of $1 as of April 26, 2020, and a tax benefit of $2 as of July 28, 2019, $1 as of April 28, 2019, and $4 as of July 29, 2018.
(3) Included a tax expense of $3 as of April 26, 2020, $8 as of July 28, 2019, $10 as of April 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 amounts reclassified 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	Three Months Ended		Nine Months Ended		Location of (Gain) Loss Recognized in Earnings
	April 26, 2020	April 28, 2019	April 26, 2020	April 28, 2019	
Foreign currency translation adjustments:					
Currency translation (gains) losses realized upon disposal of businesses	**$ —**	$ —	**$ 23**	$ —	Other expenses / (income)
Currency translation (gains) losses realized upon disposal of businesses	**—**	—	**183**	—	Earnings (loss) from discontinued operations
Total before tax	**—**	—	**206**	—	
Tax expense (benefit)	**—**	—	**4**	—	
(Gain) loss, net of tax	**$ —**	$ —	**$ 210**	$ —	
(Gains) losses on cash flow hedges:					
Foreign exchange forward contracts	**$ 1**	$ (1)	**$ —**	$ (2)	Cost of products sold
Foreign exchange forward contracts	**—**	(1)	**—**	(1)	Other expenses / (income)
Foreign exchange forward contracts	**—**	—	**1**	1	Earnings (loss) from discontinued operations
Forward starting interest rate swaps	**—**	1	**1**	2	Interest expense
Total before tax	**1**	(1)	**2**	—	
Tax expense (benefit)	**—**	—	**(1)**	—	
(Gain) loss, net of tax	**$ 1**	$ (1)	**$ 1**	$ —	
Pension and postretirement benefit adjustments:					
Prior service credit	**$ (7)**	$ (8)	**$ (21)**	$ (22)	Other expenses / (income)
Tax expense (benefit)	**2**	2	**5**	5	
(Gain) loss, net of tax	**$ (5)**	$ (6)	**$ (16)**	$ (17)	

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	**(6)**	**4**	**(2)**
Net balance at April 26, 2020	**$ 971**	**$ 3,010**	**$ 3,981**

(1) On October 11, 2019, we completed the sale of our European chips business. 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	Estimated Useful Lives	April 26, 2020 Cost	April 26, 2020 Accumulated Amortization	April 26, 2020 Net	July 28, 2019 Cost	July 28, 2019 Accumulated Amortization	July 28, 2019 Net
Amortizable intangible assets							
Customer relationships	10 to 22	**$ 851**	**$ (100)**	**$ 751**	$ 855	$ (70)	$ 785
Other	1.5 to 20	**14**	**(14)**	**—**	14	(13)	1
Total amortizable intangible assets		**$ 865**	**$ (114)**	**$ 751**	$ 869	$ (83)	$ 786
Non-amortizable intangible assets							
Trademarks				**2,611**			2,629
Total net intangible assets				**$ 3,362**			$ 3,415

Non-amortizable intangible assets consist of trademarks. As of April 26, 2020, trademarks primarily included $1,978 associated with Snyder's-Lance, $280 associated with Pacific Foods and $292 related to *Pace*. Other amortizable intangible assets consist of recipes, non-compete agreements, trademarks and patents.

Amortization of intangible assets in Earnings from continuing operations was $33 and $36 for the nine-month periods ended April 26, 2020, and April 28, 2019, respectively. Amortization expense for the next 5 years is estimated to be approximately $44 per year.

Amortization of intangible assets in Earnings (loss) from discontinued operations was $8 for the nine-month period ended April 28, 2019. See Note 3 for additional information on discontinued operations.

6. Segment Information

Through the second quarter of 2019, we had four operating segments based primarily on product type, and three reportable segments. The operating segments were Meals & Beverages; U.S. snacking; international biscuits and snacks; and Campbell Fresh. The U.S. snacking operating segment was aggregated with the international biscuits and snacks operating segment to form the Global Biscuits and Snacks reportable segment. The operating segments were aggregated based on similar economic characteristics, products, production processes, types or classes of customers, distribution methods, and regulatory environment.

As discussed in Note 3, we sold our businesses in Campbell Fresh during 2019. 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. Prior periods have been adjusted to conform to the current presentation. A portion of the U.S. refrigerated soup business historically included in Campbell Fresh was retained, and is reported as part of foodservice in Meals & Beverages.

Within our international biscuits and snacks operating segment, we sold our Kelsen business on September 23, 2019, and the Arnott's and other international operations on December 23, 2019. 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.

Our reportable segments are as follows:

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

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

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

	Three Months Ended		Nine Months Ended	
	April 26, 2020	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**
Net sales				
Meals & Beverages	**$ 1,210**	$ 1,006	**$ 3,628**	$ 3,457
Snacks	**1,028**	947	**2,955**	2,869
Corporate	**—**	—	**—**	1
Total	**$ 2,238**	$ 1,953	**$ 6,583**	$ 6,327

	Three Months Ended		Nine Months Ended	
	April 26, 2020	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**
Earnings before interest and taxes				
Meals & Beverages	**$ 275**	$ 204	**$ 799**	$ 747
Snacks	**154**	129	**415**	386
Corporate[1]	**(156)**	(86)	**(264)**	(215)
Restructuring charges[2]	**—**	(2)	**(10)**	(22)
Total	**$ 273**	$ 245	**$ 940**	$ 896

(1) Represents unallocated items. Pension benefit settlement adjustments are included in Corporate. There were settlement charges of $54 and $43 for the three- and nine-month periods ended April 26, 2020, respectively, and charges of $28 in the three- and nine-month periods ended April 28, 2019. A loss of $45 on Acre Venture Partners, L.P. (Acre) was included in the three- and nine-month periods ended April 26, 2020. See Note 14 for additional information on Acre. A loss of $64 on the sale of our European chips business was included in the nine-month period ended April 26, 2020. Costs related to the cost savings initiatives were $14 and $19 in the three-month periods and $40 and $68 in the nine-month periods ended April 26, 2020, and April 28, 2019, respectively.

(2) See Note 7 for additional information.

Our net sales based on product categories are as follows:

	Three Months Ended		Nine Months Ended	
	April 26, 2020	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**
Net sales				
Soup	**$ 681**	$ 528	**$ 2,144**	$ 2,020
Snacks	**1,040**	967	**3,005**	2,922
Other simple meals	**324**	270	**886**	829
Beverages	**193**	188	**548**	555
Other	**—**	—	**—**	1
Total	**$ 2,238**	$ 1,953	**$ 6,583**	$ 6,327

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.

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.

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

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

	Three Months Ended		Nine Months Ended		
	April 26, 2020	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**	**Recognized as of April 26, 2020**
Restructuring charges	**$ —**	$ 2	**$ 10**	$ 22	$ 239
Administrative expenses	**10**	12	**31**	35	294
Cost of products sold	**4**	4	**6**	25	73
Marketing and selling expenses	**—**	2	**2**	6	12
Research and development expenses	**—**	1	**1**	2	4
Total pre-tax charges	**$ 14**	$ 21	**$ 50**	$ 90	$ 622

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

	Three Months Ended		Nine Months Ended		
	April 26, 2020	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**	**Recognized as of April 26, 2020[(1)]**
Total pre-tax charges (gains)	**$ —**	$ (1)	**$ —**	$ —	$ 23

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

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

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

	Recognized as of April 26, 2020
Severance pay and benefits	$ 215
Asset impairment/accelerated depreciation	65
Implementation costs and other related costs	342
Total	$ 622

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

We expect the costs for actions associated with continuing operations that have been identified to date to consist of the following: approximately $215 to $220 in severance pay and benefits; approximately $65 in asset impairment and accelerated depreciation; and approximately $385 to $405 in implementation costs and other related costs. We expect these pre-tax costs to be associated with our segments as follows: Meals & Beverages - approximately 33%; Snacks - approximately 42%; and Corporate - approximately 25%.

Of the aggregate $665 to $690 of pre-tax costs associated with continuing operations identified to date, we expect approximately $590 to $615 will be cash expenditures. In addition, we expect to invest approximately $420 in capital expenditures through 2021, of which we invested $311 as of April 26, 2020. The capital expenditures primarily relate to the U.S. warehouse optimization project, improvement of quality, safety and cost structure across the Snyder’s-Lance manufacturing network, implementation of an SAP enterprise-resource planning system for Snyder's-Lance, optimization of information technology infrastructure and applications, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, insourcing of manufacturing for certain simple meal products, and optimization of the Snyder's-Lance warehouse and distribution network.

A summary of the restructuring activity and related reserves associated with continuing operations at April 26, 2020, is as follows:

	Severance Pay and Benefits	Implementation Costs and Other Related Costs[3]	Asset Impairment/Accelerated Depreciation	Total Charges
Accrued balance at July 28, 2019[1]	$ 37			
2020 charges	**10**	**38**	**2**	**$ 50**
2020 cash payments	**(23)**			
Accrued balance at April 26, 2020[2]	**$ 24**			

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

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

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:

	April 26, 2020		
	Three Months Ended	Nine Months Ended	Costs Incurred to Date
Meals & Beverages	$ 2	$ 7	$ 218
Snacks	10	37	238
Corporate	2	6	166
Total	$ 14	$ 50	$ 622

8. Earnings per Share (EPS)

For the periods presented in the Consolidated Statements of Earnings, the calculations of basic EPS and EPS assuming dilution vary in that the weighted average shares outstanding assuming dilution include the incremental effect of stock options and other share-based payment awards, except when such effect would be antidilutive. The earnings per share calculation for the three- and nine-month periods ended April 26, 2020, excludes approximately 1 million stock options that would have been antidilutive. The earnings per share calculation for the three- and nine-month periods ended April 28, 2019, excludes approximately 2 million stock options that would have been antidilutive.

9. Noncontrolling Interests

We own a 60% controlling interest in a joint venture formed with Swire Pacific Limited in China. We also owned a 99.8% interest in Acre, a limited partnership formed to make venture capital investments in innovative new companies in food and food-related industries. See Note 14 for additional information.

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

10. Pension and Postretirement Benefits

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

	Three Months Ended				Nine Months Ended			
	Pension		Postretirement		Pension		Postretirement	
	April 26, 2020	April 28, 2019	April 26, 2020	April 28, 2019	April 26, 2020	April 28, 2019	April 26, 2020	April 28, 2019
Service cost	**$ 4**	$ 5	**$ —**	$ 1	**$ 14**	$ 16	**$ —**	$ 1
Interest cost	**14**	21	**2**	2	**48**	62	**5**	6
Expected return on plan assets	**(31)**	(36)	**—**	—	**(100)**	(107)	**—**	—
Amortization of prior service cost	**—**	—	**(7)**	(8)	**—**	—	**(21)**	(22)
Settlement charge	**54**	28	**—**	—	**43**	28	**—**	—
Net periodic benefit expense (income)	**$ 41**	$ 18	**$ (5)**	$ (5)	**$ 5**	$ (1)	**$ (16)**	$ (15)

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

The settlement charges of $54 and $43 for the three- and nine-month periods ended April 26, 2020, respectively, resulted from the level of lump sum distributions associated with a U.S. pension plan and a Canadian pension plan. The settlement charge of $28 for the three- and nine-month periods ended April 28, 2019, resulted from the level of lump sum distributions associated with a U.S. pension plan.

Net periodic pension benefit expense (income) associated with discontinued operations was not material for the nine-month period ended April 26, 2020, and for the three- and nine-month periods ended April 28, 2019.

11. Leases

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

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

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

The components of lease costs were as follows:

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

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

Total lease cost includes $4 for the nine-month period ended April 26, 2020, related to discontinued operations.

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

	April 26, 2020	
	Operating	**Finance**
Assets		
Plant assets, net of depreciation	$ —	$ 9
Other assets	257	—
Total lease assets	$ 257	$ 9
Liabilities		
Short-term borrowings	$ —	$ 3
Accrued liabilities	66	—
Long-term debt	—	7
Other liabilities	187	—
Total lease liabilities	$ 253	$ 10

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

	April 26, 2020	
	Operating	**Finance**
Weighted-average remaining term in years	6.8	2.9
Weighted-average discount rate	2.7 %	1.9 %

Future minimum lease payments were as follows:

	April 26, 2020		July 28, 2019	
	New Guidance		Previous Guidance	
	Continuing		Continuing	Discontinued
	Operating	**Finance**	**Operating**	**Operating**
2020	$ 20	$ 1	$ 61	$ 7
2021	66	3	48	6
2022	39	4	36	4
2023	33	2	26	3
2024	25	—	20	1
Thereafter	98	—	88	—
Total future undiscounted lease payments	281	10	$ 279	$ 21
Less imputed interest	28	—		
Total reported lease liability	$ 253	$ 10		

In 2020, we expect to record an operating lease liability of $6 for leases with terms up to 5 years that have not yet commenced and are not included in the future minimum lease payments table.

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

		Nine Months Ended April 26, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	59
Operating cash flows from finance leases	$	—
Financing cash flows from finance leases	$	1
ROU assets obtained in exchange for lease obligations:		
Operating leases	$	77
Finance leases	$	8
ROU assets divested with businesses sold:		
Operating leases	$	18
Finance leases	$	5
Lease liabilities derecognized upon adoption:		
Build-to-suit lease commitment	$	20

12. Short-term Borrowings and Long-term Debt

Short-term borrowings consist of the following:

		April 26, 2020		July 28, 2019
Commercial paper	**$**	**485**	$	853
Notes		**721**		500
Finance leases		**3**		1
Revolving credit facility		**300**		—
Build-to-suit lease commitment		**—**		20
Other[(1)]		**(5)**		(3)
Total short-term borrowings	**$**	**1,504**	$	1,371

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

Long-term debt consists of the following:

Type	Fiscal Year of Maturity	Rate	April 26, 2020	July 28, 2019
Notes	2020	Variable	**$ —**	$ 500
Notes	2021	Variable	**400**	400
Senior Term Loan	2021	Variable	**—**	499
Notes	2021	3.300%	**321**	650
Notes	2021	4.250%	**—**	500
Debentures	2021	8.875%	**200**	200
Notes	2023	2.500%	**450**	450
Notes	2023	3.650%	**566**	1,200
Notes	2025	3.950%	**850**	850
Notes	2025	3.300%	**300**	300
Notes	2028	4.150%	**1,000**	1,000
Notes	2030	2.375%	**500**	—
Notes	2042	3.800%	**163**	400
Notes	2048	4.800%	**700**	700
Notes	2050	3.125%	**500**	—
Finance leases			**7**	3
Other[1]			**(45)**	(49)
Total			**$ 5,912**	$ 7,603
Less current portion			**721**	500
Total long-term debt			**$ 5,191**	$ 7,103

[1] Includes unamortized net discount/premium on debt issuances and debt issuance costs.

On January 22, 2020, we completed the redemption of all $500 outstanding aggregate principal amount of our 4.25% Senior Notes due 2021. On January 24, 2020, we settled tender offers to purchase $1,200 in aggregate principal amount of certain senior unsecured debt, comprising $329 of 3.30% Senior Notes due 2021, $634 of 3.65% Senior Notes due 2023, and $237 of 3.80% Senior Notes due 2042. The total consideration for the redemption and the tender offers was $1,765 and the total carrying amount of the purchased notes was $1,691, resulting in a loss of $75 (including $65 of premium, as well as fees and other costs associated with the tender offers) 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.

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 outstanding borrowings under our revolving credit facility. The 2.375% Senior Notes due 2030 and the 3.125% Senior Notes due 2050 may each be redeemed at the applicable redemption price, in whole or in part, at our option at any time and from time to time prior to January 24, 2030, and October 24, 2049, respectively. Interest on each of the notes is due semi-annually on April 24 and October 24, commencing on October 24, 2020. The notes contain customary covenants and events of default. If a change of control triggering event occurs, we will be required to offer to purchase the notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the purchase date.

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 and others that do not qualify for hedge accounting treatment.

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 April 26, 2020, or July 28, 2019.

We are also exposed to credit risk from our customers. During 2019, our largest customer accounted for approximately 20% of consolidated net sales from continuing operations. Our five largest customers accounted for approximately 43% of our consolidated net sales from continuing operations in 2019.

We closely monitor credit risk associated with counterparties and customers.

Foreign Currency Exchange Risk

We are exposed to foreign currency exchange risk related to our international operations, including non-functional currency intercompany debt and net investments in subsidiaries. We are also exposed to foreign exchange risk as a result of transactions in currencies other than the functional currency of certain subsidiaries. Principal currencies hedged include the Canadian dollar, Australian dollar and U.S. dollar. We primarily 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 primarily 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 $118 at April 26, 2020, and $146 at July 28, 2019, of which $80 at July 28, 2019 related to discontinued operations. The effective portion of the changes in fair value on these instruments is recorded in other comprehensive income (loss) and is reclassified into the Consolidated Statements of Earnings on the same line item and the same period in which the underlying hedged transaction affects earnings. The notional amount of foreign exchange forward contracts that are not designated as accounting hedges was $25 at April 26, 2020, and $177 at July 28, 2019, of which $3 at July 28, 2019, related to discontinued operations.

Interest Rate Risk

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

Commodity Price Risk

We principally use a combination of purchase orders and various short- and long-term supply arrangements in connection with the purchase of raw materials, including certain commodities and agricultural products. We also enter into commodity futures, options and swap contracts to reduce the volatility of price fluctuations of wheat, diesel fuel, soybean oil, natural gas, aluminum, cocoa, corn, soybean meal, butter, and cheese, which impact the cost of raw materials. Commodity futures, options, and swap contracts are either designated as cash-flow hedging instruments or are undesignated. We hedge a portion of commodity requirements for periods typically up to 18 months. There were no commodity contracts accounted for as cash-flow hedges as of April 26, 2020, or July 28, 2019. The notional amount of commodity contracts not designated as accounting hedges was $137 at April 26, 2020, and $183 at July 28, 2019, of which $3 at July 28, 2019, related to discontinued operations.

In 2017, we entered into a supply contract under which prices for certain raw materials are established based on anticipated volume requirements over a twelve-month period. Certain prices under the contract are based in part on certain component parts of the raw materials that are in excess of our needs or not required for our operations, thereby creating an embedded derivative requiring bifurcation. We net settle amounts due under the contract with our counterparty. The notional value was approximately $55 as of April 26, 2020, and $27 as of July 28, 2019. Unrealized gains (losses) and settlements are included in Cost of products sold in our Consolidated Statements of Earnings.

Equity Price Risk

We enter into swap contracts which hedge a portion of exposures relating to certain deferred compensation obligations linked to the total return of our capital stock, the total return of the Vanguard Institutional Index Institutional Plus Shares, and the total return of the Vanguard Total International Stock Index. Under these contracts, we pay variable interest rates and receive from the counterparty either: the total return on our capital stock; the total return of the Standard & Poor's 500 Index, which is expected to approximate the total return of the Vanguard Institutional Index Institutional Plus Shares; or the total return of the iShares MSCI EAFE Index, which is expected to approximate the total return of the Vanguard Total International Stock Index. These contracts were not designated as hedges for accounting purposes. We enter into these contracts for periods typically not exceeding 12 months. The notional amounts of the contracts were $17 as of April 26, 2020, and $31 as of July 28, 2019.

The following table summarizes the fair value of derivative instruments on a gross basis as recorded in the Consolidated Balance Sheets as of April 26, 2020, and July 28, 2019:

	Balance Sheet Classification	April 26, 2020	July 28, 2019
Asset Derivatives			
Derivatives designated as hedges:			
Foreign exchange forward contracts	Other current assets	**$ 7**	$ —
Total derivatives designated as hedges		**$ 7**	$ —
Derivatives not designated as hedges:			
Commodity derivative contracts	Other current assets	**$ 3**	$ 3
Deferred compensation derivative contracts	Other current assets	**1**	1
Foreign exchange forward contracts	Other current assets	**—**	1
Total derivatives not designated as hedges		**$ 4**	$ 5
Total asset derivatives		**$ 11**	$ 5

	Balance Sheet Classification	April 26, 2020	July 28, 2019
Liability Derivatives			
Derivatives designated as hedges:			
Foreign exchange forward contracts	Current liabilities of discontinued operations	**$ —**	$ 2
Total derivatives designated as hedges		**$ —**	$ 2
Derivatives not designated as hedges:			
Commodity derivative contracts	Accrued liabilities	**$ 25**	$ 6
Foreign exchange forward contracts	Accrued liabilities	**—**	2
Commodity derivative contracts	Other liabilities	**1**	—
Total derivatives not designated as hedges		**$ 26**	$ 8
Total liability derivatives		**$ 26**	$ 10

We do not offset the fair values of derivative assets and liabilities executed with the same counterparty that are generally subject to enforceable netting agreements. However, if we were to offset and record the asset and liability balances of derivatives on a net basis, the amounts presented in the Consolidated Balance Sheets as of April 26, 2020, and July 28, 2019, would be adjusted as detailed in the following table:

	April 26, 2020			July 28, 2019		
Derivative Instrument	**Gross Amounts Presented in the Consolidated Balance Sheet**	**Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Netting Agreements**	**Net Amount**	**Gross Amounts Presented in the Consolidated Balance Sheet**	**Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Netting Agreements**	**Net Amount**
Total asset derivatives	**$ 11**	**$ (2)**	**$ 9**	$ 5	$ (2)	$ 3
Total liability derivatives	**$ 26**	**$ (2)**	**$ 24**	$ 10	$ (2)	$ 8

We are required to maintain cash margin accounts in connection with funding the settlement of open positions for exchange-traded commodity derivative instruments. The cash margin account balance was $18 at April 26, 2020, and $7 at July 28, 2019, which was included in Other current assets in the Consolidated Balance Sheets.

The following tables show the effect of our derivative instruments designated as cash-flow hedges for the three- and nine-month periods ended April 26, 2020, and April 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 April 26, 2020	Total Cash-Flow Hedge OCI Activity April 28, 2019
Three Months Ended			
OCI derivative gain (loss) at beginning of quarter		**$ (9)**	$ (8)
Effective portion of changes in fair value recognized in OCI:			
Foreign exchange forward contracts		**8**	2
Amount of (gain) loss reclassified from OCI to earnings:	**Location in Earnings**		
Foreign exchange forward contracts	Cost of products sold	**1**	(1)
Foreign exchange forward contracts	Other expenses / (income)	**—**	(1)
Forward starting interest rate swaps	Interest expense	**—**	1
OCI derivative gain (loss) at end of quarter		**$ —**	$ (7)
Nine Months Ended			
OCI derivative gain (loss) at beginning of year		**$ (11)**	$ (8)
Effective portion of changes in fair value recognized in OCI:			
Foreign exchange forward contracts		**9**	1
Amount of (gain) loss reclassified from OCI to earnings:	**Location in Earnings**		
Foreign exchange forward contracts	Cost of products sold	**—**	(2)
Foreign exchange forward contracts	Other expenses / (income)	**—**	(1)
Foreign exchange forward contracts	Earnings (loss) from discontinued operations	**1**	1
Forward starting interest rate swaps	Interest expense	**1**	2
OCI derivative gain (loss) at end of quarter		**$ —**	$ (7)

Based on current valuations, the amount expected to be reclassified from OCI into earnings within the next 12 months is a gain of $7.

The following table shows the effect of our derivative instruments designated as cash-flow hedges for the three- and nine-month periods ended April 26, 2020, and April 28, 2019, in the Consolidated Statements of Earnings:

	Three Months Ended				Nine Months Ended			
	April 26, 2020		April 28, 2019		April 26, 2020		April 28, 2019	
	Earnings (Loss) from Discontinued Operations	Interest Expense	Earnings (Loss) from Discontinued Operations	Interest Expense	Earnings (Loss) from Discontinued Operations	Interest Expense	Earnings (Loss) from Discontinued Operations	Interest Expense
Consolidated Statements of Earnings:	**$ 2**	**$ 55**	$ (39)	$ 89	**$ 1,036**	**$ 284**	$ (260)	$ 271
(Gain) loss on Cash Flow Hedges:								
Amount of (gain) loss reclassified from OCI to earnings	**$ —**	**$ —**	$ —	$ 1	**$ 1**	**$ 1**	$ 1	$ 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 for the three- and nine-month periods ended April 26, 2020, and April 28, 2019, in the Consolidated Statements of Earnings:

		Amount of (Gain) Loss Recognized in Earnings on Derivatives			
		Three Months Ended		Nine Months Ended	
Derivatives not Designated as Hedges	Location of (Gain) Loss Recognized in Earnings	April 26, 2020	April 28, 2019	April 26, 2020	April 28, 2019
Foreign exchange forward contracts	Cost of products sold	**$ (1)**	$ —	**$ (1)**	$ —
Foreign exchange forward contracts	Other expenses / (income)	**—**	—	**2**	—
Commodity derivative contracts	Cost of products sold	**31**	6	**27**	7
Deferred compensation derivative contracts	Administrative expenses	**5**	(4)	**1**	(1)
Treasury rate lock contracts	Interest expense	**—**	—	**(3)**	—
Total (gain) loss at end of quarter		**$ 35**	$ 2	**$ 26**	$ 6

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 is managed by its general partner, Acre Ventures GP, LLC, which is independent of us. We were the sole limited partner of Acre and owned a 99.8% interest. Acre is a VIE. We consolidate Acre and account for the third party ownership as a noncontrolling interest. Through April 26, 2020, we funded $86 of the capital commitment. Acre elected the fair value option to account for qualifying investments to more appropriately reflect the value of the investments in the financial statements. The investments were $76 as of July 28, 2019, and were included in Other assets on the Consolidated Balance Sheet. Changes in the fair values of investments are included in Other expenses / (income) on the Consolidated Statements of Earnings.

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. As a result of the pending sale, we recorded a loss of $45 in the third quarter. The remaining $29 of assets were reclassified to assets held for sale and are included in Other current assets on the Consolidated Balance Sheet as of April 26, 2020.

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 April 26, 2020, and July 28, 2019, consistent with the fair value hierarchy:

	Fair Value as of April 26, 2020	Fair Value Measurements at April 26, 2020 Using Fair Value Hierarchy			Fair Value as of July 28, 2019	Fair Value Measurements at July 28, 2019 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Foreign exchange forward contracts(1)	**$ 7**	**$ —**	**$ 7**	**$ —**	$ 1	$ —	$ 1	$ —
Commodity derivative contracts(2)	**3**	**1**	**1**	**1**	3	2	1	—
Deferred compensation derivative contracts(3)	**1**	**—**	**1**	**—**	1	—	1	—
Deferred compensation investments(4)	**3**	**3**	**—**	**—**	4	4	—	—
Fair value option investments(5)	**29**	**—**	**—**	**29**	76	—	—	76
Total assets at fair value	**$ 43**	**$ 4**	**$ 9**	**$ 30**	$ 85	$ 6	$ 3	$ 76

	Fair Value as of April 26, 2020	Fair Value Measurements at April 26, 2020 Using Fair Value Hierarchy			Fair Value as of July 28, 2019	Fair Value Measurements at July 28, 2019 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Liabilities								
Foreign exchange forward contracts(1)	**$ —**	**$ —**	**$ —**	**$ —**	$ 4	$ —	$ 4	$ —
Commodity derivative contracts(2)	**26**	**16**	**10**	**—**	6	3	3	—
Deferred compensation obligation(4)	**86**	**86**	**—**	**—**	95	95	—	—
Total liabilities at fair value	**$ 112**	**$ 102**	**$ 10**	**$ —**	$ 105	$ 98	$ 7	$ —

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

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

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

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

(5) Primarily represents investments in equity securities that are not readily marketable and are accounted for under the fair value option. The investments were funded by Acre. Prior to April 26, 2020, fair value was based on analyzing recent transactions and transactions of comparable companies, and the discounted cash flow method. In addition, allocation methods, including the option pricing method, were used in distributing fair value among various equity holders according to rights and preferences. We entered into an agreement to sell our interest in Acre on April 26, 2020, and completed the sale on May 8, 2020. As a result of the pending sale, we adjusted the fair value based on the proceeds and reclassified the assets to assets held for sale on the Consolidated Balance Sheet. See Note 14 for additional information.

The following table summarizes the changes in fair value of Level 3 assets for the nine-month periods ended April 26, 2020, and April 28, 2019:

	Nine Months Ended	
	April 26, 2020	**April 28, 2019**
Fair value at beginning of year	**$ 76**	$ 77
Gains (losses)	**(46)**	1
Purchases	**1**	—
Settlements	**(1)**	—
Fair value at end of quarter	**$ 30**	$ 78

Fair Value of Financial Instruments

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

Cash equivalents of continuing operations were $15 at April 26, 2020. Cash equivalents of discontinued operations were $19 at July 28, 2019. 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 of continuing operations was $7,216 at April 26, 2020, and $8,642 at July 28, 2019. The carrying value was $6,695 at April 26, 2020, and $8,474 at July 28, 2019. The fair value and carrying value of short- and long-term debt of discontinued operations was $238 at July 28, 2019. The fair value of long-term debt is principally estimated using Level 2 inputs based on quoted market prices or pricing models using current market rates.

16. Share Repurchases

On March 2017, the Board authorized a share repurchase program to purchase up to $1,500. The program has no expiration date, but it may be suspended or discontinued at any time. In addition to this publicly announced program, we have a separate Board authorization to purchase shares to offset the impact of dilution from shares issued under our stock compensation plans. We suspended our share repurchases as of the second quarter of 2018. Approximately $1,296 remained available under the March 2017 program as of April 26, 2020.

17. Stock-based Compensation

We provide compensation benefits by issuing stock options, unrestricted stock and restricted stock units (including time-lapse restricted stock units, EPS performance restricted stock units, total shareholder return (TSR) performance restricted stock units, and free cash flow (FCF) performance restricted stock units). In 2020, we issued time-lapse restricted stock units, unrestricted stock, and TSR performance restricted stock units. We have not issued stock options, FCF performance restricted stock units, or EPS performance restricted stock units in 2020.

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

	Three Months Ended		Nine Months Ended	
	April 26, 2020	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**
Total pre-tax stock-based compensation expense	**$ 14**	$ 12	**$ 45**	$ 40
Tax-related benefits	**$ 3**	$ 2	**$ 9**	$ 7

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

	Three Months Ended		Nine Months Ended	
	April 26, 2020	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**
Total pre-tax stock-based compensation expense	**$ —**	$ 2	**$ 2**	$ 5
Tax-related benefits	**$ —**	$ 1	**$ —**	$ 2

The following table summarizes stock option activity as of April 26, 2020:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
	(Options in thousands)		(In years)	
Outstanding at July 28, 2019	2,059	$ 46.17		
Granted	—	$ —		
Exercised	(481)	$ 47.33		
Terminated	(155)	$ 49.46		
Outstanding at April 26, 2020	1,423	$ 45.42	7.2	$ 9
Exercisable at April 26, 2020	833	$ 50.23	6.4	$ 2

The total intrinsic value of options exercised during the nine-month period ended April 26, 2020 was $2. No options were exercised during the nine-month period ended April 28, 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 value 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 April 26, 2020, total remaining unearned compensation related to nonvested stock options was $1, which will be amortized over the weighted-average remaining service period of 1.6 years.

The following table summarizes time-lapse restricted stock units, EPS performance restricted stock units and FCF performance restricted stock units as of April 26, 2020:

	Units	Weighted-Average Grant-Date Fair Value
	(Restricted stock units in thousands)	
Nonvested at July 28, 2019	1,960	$ 40.57
Granted	1,141	$ 46.77
Vested	(723)	$ 43.23
Forfeited	(362)	$ 41.55
Nonvested at April 26, 2020	2,016	$ 42.95

We determine the fair value of time-lapse restricted stock units and EPS performance restricted stock units based on the quoted price of our stock at the date of grant. We expense time-lapse restricted stock units on a straight-line basis over the vesting period, except for awards issued to retirement-eligible participants, which we expense on an accelerated basis. We expense EPS performance restricted stock units on a graded-vesting basis, except for awards issued to retirement-eligible participants, which we expense on an accelerated basis. There were 23 thousand EPS performance target grants outstanding at April 26, 2020, with a grant-date fair value of $46.82. The actual number of EPS performance restricted stock units issued at the vesting date could be either 0% or 100% of the initial grant, depending on actual performance achieved. We estimate expense based on the number of awards expected to vest.

In 2019, we issued approximately 388 thousand FCF performance restricted stock units for which vesting is contingent upon achievement of free cash flow (defined as Net cash provided by operating activities less capital expenditures and certain investing and financing activities) compared to annual operating plan objectives over a three-year period. An annual objective will be established each fiscal year for three consecutive years. Performance against these objectives will be averaged at the end of the three-year period to determine the number of underlying units that will vest at the end of the three years. The actual number of FCF performance restricted stock units issued at the vesting date could range from 0% to 200% of the initial grant depending on actual performance achieved. The fair value of FCF performance restricted stock units will be based upon the quoted price of our stock at the date of grant. We will expense FCF performance restricted stock units over the requisite service period of each objective. As of April 26, 2020, we have granted 258 thousand of the issued FCF performance restricted stock units, which are included in the table above. There were 168 thousand FCF performance target grants outstanding at April 26, 2020, with a weighted-average grant-date fair value of $42.16.

As of April 26, 2020, total remaining unearned compensation related to nonvested time-lapse restricted stock units, EPS performance restricted stock units and FCF performance restricted units was $42, which will be amortized over the weighted-average remaining service period of 1.8 years. The fair value of restricted stock units vested during the nine-month periods ended April 26, 2020, and April 28, 2019, was $34, and $26, respectively. The weighted-average grant-date fair value of the restricted stock units granted during the nine-month period ended April 28, 2019 was $36.50.

The following table summarizes TSR performance restricted stock units as of April 26, 2020:

	Units (Restricted stock units in thousands)		Weighted-Average Grant-Date Fair Value
Nonvested at July 28, 2019	1,308	$	37.33
Granted	619	$	63.06
Vested	—	$	—
Forfeited	(657)	$	41.13
Nonvested at April 26, 2020	1,270	$	47.90

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

Weighted-average assumptions used in the Monte Carlo simulation were as follows:

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

We recognize compensation expense on a straight-line basis over the service period, except for awards issued to retirement eligible participants, which we expense on an accelerated basis. As of April 26, 2020, total remaining unearned compensation related to TSR performance restricted stock units was $27, which will be amortized over the weighted-average remaining service period of 2.0 years. In the first quarter of 2020, recipients of TSR performance restricted stock units earned 0% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 26, 2019. In the first quarter of 2019, recipients of TSR performance restricted stock units earned 0% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 27, 2018. The weighted-average grant-date fair value of the TSR performance restricted stock units granted during 2019 was $31.29.

The excess tax benefits of $1 in the nine-month period ended April 26, 2020, and the excess tax deficiencies of $2 in the nine-month period ended April 28, 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 $23 for the nine-month period ended April 26, 2020, 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 were consolidated under the caption, *In re Campbell Soup Company Securities Litigation*, Civ. No. 1:18-cv-14385-NLH-JS (the Action). Oklahoma Firefighters Pension and Retirement System was appointed lead plaintiff in the Action and, on March 1, 2019, filed an amended consolidated complaint. The company, Denise Morrison (the company's former President and Chief Executive Officer), and Anthony DiSilvestro (the company's former Senior Vice President and Chief Financial Officer) are defendants in the Action. The consolidated complaint alleges that, in public statements between July 19, 2017 and May 17, 2018, the defendants made materially false and misleading statements and/or omitted material information about the company's business, operations, customer relationships, and prospects, specifically with regard to the Campbell Fresh segment. The consolidated complaint seeks unspecified monetary damages and other relief. On April 30, 2019, the defendants filed a motion to dismiss the consolidated complaint. We are vigorously defending against the Action.

We establish liabilities for litigation and regulatory loss contingencies when information related to the loss contingencies shows both that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some matters could require us to pay damages or make other expenditures or establish accruals in amounts that could not be reasonably estimated as of April 26, 2020. While the potential future charges could be material in a particular quarter or annual period, based on information currently known by us, we do not believe any such charges are likely to have a material adverse effect on our consolidated results of operations or financial condition.

19. Supplemental Financial Statement Data

Balance Sheets	**April 26, 2020**	**July 28, 2019**
Inventories		
Raw materials, containers and supplies	**$ 291**	$ 271
Finished products	**440**	592
	$ 731	$ 863

	Three Months Ended		**Nine Months Ended**	
Statements of Earnings	**April 26, 2020**	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**
Other expenses / (income)				
Amortization of intangible assets	**$ 11**	$ 13	**$ 33**	$ 36
Net periodic benefit income other than the service cost	**(22)**	(20)	**(68)**	(60)
Pension settlement charges	**54**	28	**43**	28
Investment (gains) / losses(1)	**45**	(8)	**49**	(1)
Loss on sale of business(2)	**—**	—	**64**	—
Transition services fees	**(3)**	—	**(5)**	—
Other	**(4)**	7	**(1)**	9
	$ 81	$ 20	**$ 115**	$ 12

(1) Includes a loss of $45 on Acre for the three- and nine-month periods ended April 26, 2020. See Note 14 for additional information.

(2) See Note 3 for additional information.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

OVERVIEW

This Management's Discussion and Analysis of Financial Condition and Results of Operations is provided as a supplement to, and should be read in conjunction with, the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements in "Part I - Item 1. Financial Statements," and our Form 10-K for the year ended July 28, 2019, including but not limited to "Part I - Item 1A. Risk Factors" and "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Executive Summary

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

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

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

We completed the sale of our Kelsen business on September 23, 2019. On December 23, 2019, we completed the sale of our Arnott’s business and certain other international operations, including the simple meals and shelf-stable beverages businesses in Australia and Asia Pacific (the Arnott’s and other international operations). We have reflected the results of operations of the Kelsen business and the Arnott’s and other international operations (collectively referred to as Campbell International) as discontinued operations in the Consolidated Statements of Earnings. These businesses were historically included in the Snacks reportable segment. In addition, on October 11, 2019, we completed the sale of our European chips business. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment. See Notes 3 and 6 to the Consolidated Financial Statements for additional information on these divestitures and reportable segments.

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

Impact of COVID-19

With the spread of COVID-19 in North America, we are currently experiencing 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 is attributable to a change in retail demand, as consumers have significantly increased their current food purchases for at-home consumption, which has more than offset the declines in our foodservice business. The recent higher sales trends of our retail products may lessen or reverse in the coming months if customers or consumers alter their purchasing habits.

With the current increased demand for our retail products, we have made changes in our supply chain network to increase overall production, including modifying production schedules and temporarily adjusting product mix. In the quarter, we experienced higher costs in certain areas such as front-line employee compensation and independent contractor payments, as well as incremental costs associated with newly added health screenings, temperature checks and enhanced cleaning and sanitation protocols to protect our employees and product quality standards, which may continue or increase. We are benefiting overall from increased product demand as we leverage our supply chain assets. We are also benefiting from favorable product mix. These benefits may lessen or reverse in the coming months if customers or consumers alter their purchasing habits and/or cost trends change or accelerate in ways we did not anticipate.

At this time, we are unable to predict with any certainty the nature, timing or magnitude of any changes in future sales and/or earnings attributable to the spread of COVID-19 in North America.

Summary of Results

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

- Net sales increased 15% in 2020 to $2,238 million, due to gains in Meals & Beverages and Snacks, partially offset by the impact of the divestiture of the European chips business. As a result of COVID-19, net sales accelerated in our retail products in March and April with increased demand of food purchases for at-home consumption, partly offset by declines in foodservice with stay-at-home mandates and other restrictions.
- Gross profit, as a percent of sales, increased to 34.5% in 2020 from 33.5% a year ago. The increase was primarily due to supply chain productivity improvements, favorable product mix, operating leverage and cost savings initiatives,

partly offset by cost inflation and other supply chain costs, including mark-to-market losses on outstanding commodity hedges and the impact of COVID-19.

- Interest expense decreased to $55 million in 2020 from $89 million in 2019, primarily due to lower levels of debt.
- Earnings from continuing operations per share were $.55 in 2020, compared to $.41 a year ago. The current and prior year included expenses of $.29 and $.13 per share, respectively, from items impacting comparability as discussed below.

Net Earnings attributable to Campbell Soup Company

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

Continuing Operations

- We implemented several cost savings initiatives in recent years. In the third quarter of 2020, we recorded implementation costs and other related costs of $10 million in Administrative expenses and $4 million in Cost of products sold (aggregate impact of $11 million after tax, or $.04 per share) related to these initiatives. Year-to-date in 2020, we recorded a pre-tax restructuring charge of $10 million and implementation costs and other related costs of $31 million in Administrative expenses, $6 million in Cost of products sold, $2 million in Marketing and selling expenses, and $1 million in Research and development expenses (aggregate impact of $38 million after tax, or $.13 per share) related to these initiatives. In the third quarter of 2019, we recorded a pre-tax restructuring charge of $2 million and implementation costs and other related costs of $12 million in Administrative expenses, $4 million in Cost of products sold, $2 million in Marketing and selling expenses and $1 million in Research and development expenses (aggregate impact of $16 million after tax, or $.05 per share) related to these initiatives. Year-to-date in 2019, we recorded a pre-tax restructuring charge of $22 million and implementation costs and other related costs of $35 million in Administrative expenses, $25 million in Cost of products sold, $6 million in Marketing and selling expenses and $2 million in Research and development expenses (aggregate impact of $68 million after tax, or $.23 per share) related to these initiatives. See Note 7 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;
- In the third quarter of 2020, we recognized a pre-tax pension settlement charge in Other expenses / (income) of $54 million ($41 million after tax, or $.13 per share) associated with U.S. and Canadian pension plans. Year-to-date in 2020, we recognized a pre-tax pension settlement charge in Other expenses / (income) of $43 million ($33 million after tax, or $.11 per share) associated with U.S. and Canadian pension plans. In the third quarter of 2019, we recognized a pre-tax pension settlement charge in Other expenses / (income) of $28 million ($22 million after tax, or $.07 per share) associated with a U.S. plan. The settlements resulted from the level of lump sum distributions from the plans' assets;
- 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;
- Year-to-date in 2020, we recorded a loss in Other expenses / (income) of $64 million ($41 million after tax, or $.13 per share) on the sale of our European chips business;
- Year-to-date in 2020, we recorded a loss in Interest expense of $75 million ($57 million after tax, or $.19 per share) on the extinguishment of debt; and
- Year-to-date 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.

Discontinued Operations

- Year-to-date in 2020, we recognized pre-tax net gains of $1,039 million ($1,000 million after tax, or $3.29 per share) associated with the sale of Campbell International. In the third quarter of 2019, we incurred pre-tax expenses of $24 million associated with the sale process of Campbell Fresh, including transactions costs. In addition, we recorded tax expense of $29 million as deferred tax assets on Bolthouse Farms were not realizable. The aggregate impact was $47 million after tax, or $.16 per share. We also incurred costs of $2 million ($1 million after tax) associated with the planned divestiture of Campbell International. The total aggregate impact was $48 million after tax, or $.16 per share. Year-to-date in 2019, we incurred pre-tax expenses of $31 million associated with the sale process of Campbell Fresh, including transactions costs, and recorded tax expense of $29 million on the deferred tax assets that were not realizable. The aggregate impact was $52 million after tax, or $.17 per share. We also incurred costs of $7 million ($5 million after tax, or $.02 per share) associated with planned divestiture of Campbell International. The total aggregate impact was $57 million after tax, or $.19 per share;

- In the third quarter of 2019, we recorded a reversal of a $1 million pre-tax and after-tax restructuring charge related to the cost savings initiatives. See Note 7 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information; and
- 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. Year-to-date in 2019, total non-cash impairment charges recorded were $360 million ($275 million after tax, or $.91 per share).

The items impacting comparability are summarized below:

	Three Months Ended			
	April 26, 2020		**April 28, 2019**	
(Millions, except per share amounts)	**Earnings Impact**	**EPS Impact**	**Earnings Impact**	**EPS Impact**
Earnings from continuing operations attributable to Campbell Soup Company	**$ 166**	**$ .55**	$ 123	$ .41
Earnings (loss) from discontinued operations	**$ 2**	**$ .01**	$ (39)	$ (.13)
Net earnings attributable to Campbell Soup Company[1]	**$ 168**	**$ .55**	$ 84	$ .28
Continuing operations:				
Restructuring charges, implementation costs and other related costs	**$ (11)**	**$ (.04)**	$ (16)	$ (.05)
Pension settlement charges	**(41)**	**(.13)**	(22)	(.07)
Investment losses	**(35)**	**(.12)**	—	—
Impact of items on Earnings from continuing operations[1]	**$ (87)**	**$ (.29)**	$ (38)	$ (.13)
Discontinued operations:				
Charges associated with divestitures	**$ —**	**$ —**	$ (48)	$ (.16)
Restructuring charges, implementation costs and other related costs	**—**	**—**	1	—
Impact of items on Earnings (loss) from discontinued operations	**$ —**	**$ —**	$ (47)	$ (.16)

	Nine Months Ended			
	April 26, 2020		April 28, 2019	
(Millions, except per share amounts)	**Earnings Impact**	**EPS Impact**	**Earnings Impact**	**EPS Impact**
Earnings from continuing operations attributable to Campbell Soup Company	**$ 506**	**$ 1.66**	$ 479	$ 1.59
Earnings (loss) from discontinued operations	**$ 1,036**	**$ 3.41**	$ (260)	$ (.86)
Net earnings attributable to Campbell Soup Company	**$ 1,542**	**$ 5.07**	$ 219	$ .73
Continuing operations:				
Restructuring charges, implementation costs and other related costs	**$ (38)**	**$ (.13)**	$ (68)	$ (.23)
Pension settlement charges	**(33)**	**(.11)**	(22)	(.07)
Investment losses	**(35)**	**(.12)**	—	—
Charges associated with divestiture	**(41)**	**(.13)**	—	—
Loss on extinguishment of debt	**(57)**	**(.19)**	—	—
Tax reform	**—**	**—**	(2)	(.01)
Impact of items on Earnings from continuing operations(1)	**$ (204)**	**$ (.67)**	$ (92)	$ (.30)
Discontinued operations:				
Gains (charges) associated with divestitures	**$ 1,000**	**$ 3.29**	$ (57)	$ (.19)
Impairment charges	**—**	**—**	(275)	(.91)
Impact of items on Earnings (loss) from discontinued operations	**$ 1,000**	**$ 3.29**	$ (332)	$ (1.10)

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

Earnings from continuing operations were $166 million ($.55 per share) in the current quarter, compared to $123 million ($.41 per share) in the year-ago quarter. After adjusting for items impacting comparability, earnings from continuing operations increased reflecting sales volume gains, lower interest expense and improved gross profit performance, partially offset by increased marketing investment.

Earnings from continuing operations were $506 million ($1.66 per share) in the nine-month period this year, compared to $479 million ($1.59 per share) in the year-ago period. After adjusting for items impacting comparability, earnings from continuing operations increased reflecting sales volume gains, lower interest expense, an improved gross profit performance and higher other income, partially offset by increased marketing investment.

See "Discontinued Operations" for additional information.

THIRD-QUARTER DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

	Three Months Ended				
(Millions)	April 26, 2020		April 28, 2019		% Change
Meals & Beverages	$	**1,210**	$	1,006	20
Snacks		**1,028**		947	9
	$	**2,238**	$	1,953	15

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

	Meals & Beverages[1]	Snacks	Total
Volume and Mix	21%	12%	17%
Divestitures	—	(3)	(2)
	20%	9%	15%

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

In Meals & Beverages, sales increased 20% primarily due to gains across the U.S. retail business, including gains in soups, *Prego* pasta sauces, *V8* juices and beverages, *Campbell's* pasta, *Pace* Mexican sauces and *Swanson* canned poultry, as well as gains in Canada, partially offset by declines in foodservice. Volume and mix increased favorably in the retail business driven by COVID-19 with increased demand of food purchases for at-home consumption, partially offset by the negative impact on the foodservice business with stay-at-home mandates and other restrictions. Sales of U.S. soup increased 35% due to gains in condensed soups, ready-to-serve soups and broth.

In Snacks, sales increased 9% reflecting a 3-point negative impact from the sale of the European chips business. Excluding the divestiture, sales increased driven by volume gains reflecting increased demand of food purchases for at-home consumption as well as base business performance. The sales increases reflect gains in fresh bakery products, *Goldfish* crackers and Pepperidge Farm cookies, as well as *Kettle Brand* and *Cape Cod* potato chips, *Pop Secret* popcorn, *Snyder's of Hanover* pretzels, *Lance* sandwich crackers, *Late July* snacks and *Snack Factory Pretzel Crisps*.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, increased by $117 million in 2020 from 2019. As a percent of sales, gross profit was 34.5% in 2020 and 33.5% in 2019.

The 1.0 percentage-point increase in gross profit percentage was due to the following factors:

	Margin Impact
Productivity improvements	**1.3**
Mix	**1.2**
Higher level of promotional spending	**(0.1)**
Cost inflation, supply chain costs and other factors[1]	**(1.4)**
	1.0%

(1) Includes an estimated positive margin impact of 1.6 from the benefit of operating leverage and cost savings initiatives, which was more than offset by cost inflation and other factors, including mark-to-market losses on outstanding commodity hedges and the impact of COVID-19.

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 10.7% in 2020 compared to 11.0% in 2019. Marketing and selling expenses increased 11% in 2020 from 2019. The increase was primarily due to higher advertising and consumer promotion expenses (approximately 9 percentage points); higher incentive compensation (approximately 5 percentage points) and higher selling expenses (approximately 3 percentage points), partially offset by increased benefits from cost savings initiatives (approximately 3 percentage points); lower costs related to marketing overhead (approximately 1 percentage point) and lower costs associated with cost savings initiatives (approximately 1 percentage point). The increase in advertising and consumer promotion expenses was primarily in Meals & Beverages due to increased support of U.S. soup, and in Snacks due to increased support of key brands.

Administrative Expenses

Administrative expenses as a percent of sales were 6.9% in 2020 compared to 7.7% in 2019. Administrative expenses increased 3% in 2020 from 2019. The increase was primarily due to higher incentive compensation (approximately 7 percentage points); higher general administrative costs and inflation (approximately 5 percentage points) and higher information technology costs (approximately 5 percentage points), partially offset by increased benefits from cost savings initiatives (approximately 7 percentage points); lower benefit costs (approximately 6 percentage points) and lower costs associated with cost savings initiatives (approximately 1 percentage point).

Other Expenses / (Income)

Other expenses were $81 million in 2020 compared to $20 million in 2019. Other expenses in 2020 included a pension settlement charge of $54 million associated with U.S. and Canadian pension plans and a loss of $45 million on Acre. Other expenses in 2019 included a pension settlement charge of $28 million associated with a U.S. pension plan.

Operating Earnings

Segment operating earnings increased 29% in 2020 from 2019.

An analysis of operating earnings by segment follows:

	Three Months Ended		
(Millions)	**April 26, 2020**	**April 28, 2019**	**% Change**
Meals & Beverages	**$ 275**	$ 204	35
Snacks	**154**	129	19
	429	333	29
Corporate	**(156)**	(86)	
Restructuring charges[1]	**—**	(2)	
Earnings before interest and taxes	**$ 273**	$ 245	

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

Operating earnings from Meals & Beverages increased 35%. The increase was primarily due to sales volume gains and improved gross profit performance, partially offset by increased marketing support. Gross profit performance was impacted by improved operating leverage and favorable product mix, as well as the benefits of supply chain productivity improvements and cost savings initiatives, partially offset by cost inflation and higher other supply chain costs reflecting COVID-19 related costs.

Operating earnings from Snacks increased 19%. The increase was primarily due to sales volume gains and improved gross profit performance, partially offset by increased marketing support and higher selling expenses. Gross profit performance was impacted by favorable product mix and improved operating leverage, as well as the benefit of supply chain productivity improvements, partially offset by cost inflation and higher other supply chain costs reflecting COVID-19 related costs.

Corporate in 2020 included a pension settlement charge of $54 million associated with U.S. and Canadian pension plans, a loss of $45 million on Acre and costs of $14 million related to costs savings initiatives. Corporate in 2019 included a pension settlement charge of $28 million associated with a U.S. pension plan and costs of $19 million related to cost savings initiatives. Excluding these amounts, the remaining increase in expenses primarily reflects mark-to-market losses on outstanding commodity hedges, partially offset by higher other income.

Interest Expense

Interest expense decreased to $55 million in 2020 from $89 million in 2019. The decrease in interest expense was due to lower levels of debt as we used the net proceeds from the businesses sold to reduce debt.

Taxes on Earnings

The effective tax rate was 23.9% in 2020 and 21.2% in 2019. The effective tax rate increased in 2020 primarily due to favorable return to provision adjustments recorded in the prior year.

NINE-MONTH DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

(Millions)	Nine Months Ended April 26, 2020	Nine Months Ended April 28, 2019	% Change[1]
Meals & Beverages	**$ 3,628**	$ 3,457	5
Snacks	**2,955**	2,869	3
Corporate	**—**	1	n/m
	$ 6,583	$ 6,327	4

[1] n/m - Not meaningful.

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

	Meals & Beverages	Snacks	Total
Volume and Mix	5%	5%	5%
Price and Sales Allowances	1	—	1
Increased Promotional Spending[1]	(1)	—	(1)
Divestitures	—	(2)	(1)
	5%	3%	4%

[1] Represents revenue reductions from trade promotion and consumer coupon redemption programs.

In Meals & Beverages, sales increased 5% primarily due to gains in the U.S. retail business driven by U.S. soup, *Prego* pasta sauces and *Swanson* canned poultry, as well as gains in Canada, partially offset by declines in foodservice driven by the loss of a refrigerated soup contract. Volume and mix increased favorably in the retail business driven by COVID-19, with increased demand of food purchases for at-home consumption in March and April, partially offset by the negative impact on the foodservice business with stay-at-home mandates and other restrictions. Sales of U.S. soup increased 8% due to gains in condensed soups, ready-to-serve soups and broth.

In Snacks, sales increased 3% reflecting a 2-point negative impact from the sale of the European chips business. Excluding the divestiture, sales increased driven by volume gains reflecting increased demand of food purchases for at-home consumption in March and April, 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, *Pop Secret* popcorn, *Snyder's of Hanover* pretzels, *Lance* sandwich crackers, *Late July* snacks and *Snack Factory Pretzel Crisps,* partially offset by declines in partner brands within the Snyder's-Lance portfolio. Partner brands, which consist of third-party branded products that we sell, declined as we continued our planned prioritization of select partners to reduce complexity and improve execution.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, increased by $165 million in 2020 from 2019. As a percent of sales, gross profit was 34.2% in 2020 and 33.0% in 2019.

The 1.2 percentage-point increase in gross profit percentage was due to the following factors:

	Margin Impact
Productivity improvements	**1.3**
Mix	**0.7**
Price and sales allowances	**0.4**
Lower restructuring-related costs	**0.3**
Higher level of promotional spending	**(0.5)**
Cost inflation, supply chain costs and other factors[1]	**(1.0)**
	1.2%

(1) Includes an estimated positive margin impact of 1.2 from the benefit of cost savings initiatives and operating leverage, which was more than offset by cost inflation and other factors, including mark-to-market losses on outstanding commodity hedges and the impact of COVID-19.

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 10.4% in 2020 compared to 10.2% in 2019. Marketing and selling expenses increased 5% in 2020 from 2019. The increase was primarily due to higher advertising and consumer promotion expenses (approximately 7 percentage points); higher incentive compensation (approximately 2 percentage points); higher selling expenses (approximately 1 percentage point) and higher costs related to marketing overhead (approximately 1 percentage point), partially offset by increased benefits from cost savings initiatives (approximately 5 percentage points) and lower costs associated with cost savings initiatives (approximately 1 percentage point). The increase in advertising and consumer promotion expenses was primarily in Meals & Beverages due to increase 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 6.6% in 2020 compared to 7.0% in 2019. Administrative expenses decreased 2% in 2020 from 2019. The decrease was primarily due to increased benefits from cost savings initiatives (approximately 8 percentage points) and costs associated with the proxy contest in the prior year (approximately 2 percentage points), partially offset by higher information technology costs (approximately 3 percentage points); higher incentive compensation (approximately 3 percentage points) and higher inflation and general administrative costs (approximately 2 percentage points).

Other Expenses / (Income)

Other expenses were $115 million in 2020 compared to $12 million in 2019. Other expenses in 2020 included a loss of $64 million on the sale of the European chips business, a loss of $45 million on Acre, and a pension settlement charge of $43 million. Other expenses in 2019 included a pension settlement charge of $28 million. Excluding these amounts, the remaining increase in other income was primarily due to higher net periodic benefit income and transition services fees in 2020.

Operating Earnings

Segment operating earnings increased 7% in 2020 from 2019.

An analysis of operating earnings by segment follows:

(Millions)	Nine Months Ended April 26, 2020	Nine Months Ended April 28, 2019	% Change
Meals & Beverages	**$ 799**	$ 747	7
Snacks	**415**	386	8
	1,214	1,133	7
Corporate	**(264)**	(215)	
Restructuring charges(1)	**(10)**	(22)	
Earnings before interest and taxes	**$ 940**	$ 896	

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

Operating earnings from Meals & Beverages increased 7%. The increase was primarily due to sales volume gains and improved gross profit performance, partially offset by increased marketing support and higher administrative expenses. Gross profit performance was impacted by the benefits of supply chain productivity improvements and cost savings initiatives, as well as improved operating leverage and favorable product mix, partially offset by cost inflation and other supply chain costs, including COVID-19 related costs incurred in the third quarter.

Operating earnings from Snacks increased 8%. The increase was primarily due to improved gross profit performance and sales volume gains, partially offset by increased marketing support. Gross profit performance was impacted by the benefits of cost savings initiatives and supply chain productivity improvements, favorable product mix and improved operating leverage, partially offset by cost inflation and other supply chain costs, including COVID-19 related costs incurred in the third quarter.

Corporate in 2020 included a loss of $64 million from the sale of the European chips business, a loss of $45 million on Acre, a pension settlement charge of $43 million associated with U.S. and Canadian pension plans and costs of $40 million related to costs savings initiatives. Corporate in 2019 included costs of $68 million related to cost savings initiatives and a $28 million pension settlement charge associated with a U.S. pension plan. Excluding these amounts, the remaining decrease in expenses primarily reflects lower administrative expenses and higher other income.

Interest Expense

Interest expense increased to $284 million in 2020 from $271 million in 2019. The increase in interest expense was due to a loss on extinguishment of debt of $75 million, partially offset by lower levels of debt and lower average interest rates on the debt portfolio.

Taxes on Earnings

The effective tax rate was 23.2% in 2020 and 23.5% in 2019.

Restructuring Charges and Cost Savings Initiatives

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

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

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

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

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

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

	Three Months Ended		Nine Months Ended		
(Millions, except per share amounts)	**April 26, 2020**	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**	**Recognized as of April 26, 2020**
Restructuring charges	**$ —**	$ 2	**$ 10**	$ 22	$ 239
Administrative expenses	**10**	12	**31**	35	294
Cost of products sold	**4**	4	**6**	25	73
Marketing and selling expenses	**—**	2	**2**	6	12
Research and development expenses	**—**	1	**1**	2	4
Total pre-tax charges	**$ 14**	$ 21	**$ 50**	$ 90	$ 622
Aggregate after-tax impact	**$ 11**	$ 16	**$ 38**	$ 68	
Per share impact	**$ .04**	$ .05	**$ .13**	$ .23	

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

	Three Months Ended		Nine Months Ended		
(Millions)	**April 26, 2020**	**April 28, 2019**	**April 26, 2020**	**April 28, 2019**	**Recognized as of April 26, 2020[(1)]**
Total pre-tax charges (gains)	**$ —**	$ (1)	**$ —**	$ —	$ 23

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

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

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

(Millions)	**Recognized as of April 26, 2020**
Severance pay and benefits	$ 215
Asset impairment/accelerated depreciation	65
Implementation costs and other related costs	342
Total	$ 622

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

We expect the costs for actions associated with continuing operations that have been identified to date to consist of the following: approximately $215 million to $220 million in severance pay and benefits; approximately $65 million in asset impairment and accelerated depreciation; and approximately $385 million to $405 million in implementation costs and other related costs. We expect these pre-tax costs to be associated with our segments as follows: Meals & Beverages - approximately 33%; Snacks - approximately 42%; and Corporate - approximately 25%.

Of the aggregate $665 million to $690 million of pre-tax costs associated with continuing operations identified to date, we expect approximately $590 million to $615 million will be cash expenditures. In addition, we expect to invest approximately $420 million in capital expenditures through 2021, of which we invested $311 million as of April 26, 2020. The capital expenditures primarily relate to the U.S. warehouse optimization project, improvement of quality, safety and cost structure across the Snyder’s-Lance manufacturing network, implementation of an SAP enterprise-resource planning system for Snyder's-Lance, optimization of information technology infrastructure and applications, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, insourcing of manufacturing for certain simple meal products, and optimization of the Snyder’s-Lance warehouse and distribution network.

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

We expect the initiatives for actions associated with continuing operations that have been identified to date to generate pre-tax savings of $710 million in 2020, and once all phases are implemented, to generate annual ongoing savings of approximately $850 million by the end of 2022. In the nine-month period ended April 26, 2020, we generated an additional $120 million of pre-tax savings. The annual pre-tax savings associated with continuing operations generated were as follows:

	Year Ended				
(Millions)	**July 28, 2019**	**July 29, 2018**	**July 30, 2017**	**July 31, 2016**	**August 2, 2015**
Total pre-tax savings	$ 560	$ 395	$ 325	$ 215	$ 85

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

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

	April 26, 2020		
(Millions)	**Three Months Ended**	**Nine Months Ended**	**Costs Incurred to Date**
Meals & Beverages	$ 2	$ 7	$ 218
Snacks	10	37	238
Corporate	2	6	166
Total	$ 14	$ 50	$ 622

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:

	Three Months Ended		Nine Months Ended		
	Campbell International	Campbell Fresh	Campbell International		Campbell Fresh
	April 28, 2019	April 28, 2019	April 26, 2020	April 28, 2019	April 28, 2019
Net sales	$ 225	$ 210	**$ 359**	$ 802	$ 666
Impairment charges	$ —	$ —	**$ —**	$ —	$ 360
Earnings (loss) before taxes from operations	$ 21	$ 7	**$ 53**	$ 115	$ (361)
Taxes on earnings (loss) from operations	12	7	**17**	39	(82)
Gain (loss) on sale of businesses / costs associated with selling the businesses	(2)	(24)	**1,039**	(7)	(31)
Tax expense (benefit) on sale / costs associated with selling the businesses	(1)	23	**39**	(2)	21
Earnings (loss) from discontinued operations	$ 8	$ (47)	**$ 1,036**	$ 71	$ (331)

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

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

In the second quarter of 2019, we recorded impairment charges of $346 million ($264 million after tax, or $.87 per share) on the reporting units in Campbell Fresh. Year-to-date in 2019, we recorded non-cash impairment charges of $360 million ($275 million after tax, or $.91 per share). In addition, in the third quarter of 2019, we recorded tax expense of $29 million as deferred tax assets on Bolthouse Farms were not realizable. See "Overview" 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 completed the sale of our Kelsen business on September 23, 2019, for $322 million. On September 30, 2019, we repaid $399 million of our single draw 3-year 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 2042. The total consideration for the redemption and the tender offers was $1,765 million and the total carrying amount of the purchased notes was $1,691 million, resulting in a loss of $75 million (including $65 million of premium, as well as fees and other costs associated with the tender offers) which was recorded in Interest expense in the Consolidated Statement of Earnings. In addition, we paid accrued and unpaid interest on the purchased notes through the dates of settlement. The net divestiture proceeds remaining after these debt reduction activities were used to reduce commercial paper borrowings. See Note 12 to the Consolidated Financial Statements for additional information.

We generated cash flows from operations of $1,125 million in 2020, compared to $1,148 million in 2019. The decline in 2020 was primarily due to changes in working capital, partially offset by higher cash earnings.

Current assets are less than current liabilities as a result of our level of current maturities of long-term debt and short-term borrowings and our focus to lower core working capital requirements while extending payment terms for accounts payables. We had negative working capital of $523 million as of April 26, 2020, and $1,418 million as of July 28, 2019. Total debt maturing within one year was $1,504 million as of April 26, 2020, and $1,371 million as of July 28, 2019.

Capital expenditures were $220 million in 2020 and $274 million in 2019, reflecting delays in certain projects impacted by the current operating environment. Capital expenditures are expected to total approximately $300 million in 2020. Major capital projects for 2020 include the implementation of an SAP enterprise-resource planning system for Snyder's-Lance, a *Milano* cookie capacity expansion project, a *Goldfish* cracker capacity expansion project and chip capacity expansion projects.

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.

Dividend payments were $320 million in 2020 and $318 million in 2019.

We suspended our share repurchases as of the second quarter of 2018. See Note 16 to the Consolidated Financial Statements for additional information.

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 April 26, 2020, we had $1,504 million of short-term borrowings due within one year, of which $485 million was comprised of commercial paper borrowings. As of April 26, 2020, we issued $39 million of standby letters of credit. We have a committed revolving credit facility totaling $1,850 million that matures in December 2021. At April 26, 2020, there was $300 million borrowed under the facility and $1 million of standby letters of credit that we issued under it. The U.S. facility supports our commercial paper programs and other general corporate purposes. We expect to continue to access the commercial paper markets, bank credit lines and utilize cash flows from operations to support our short-term liquidity requirements.

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

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

SIGNIFICANT ACCOUNTING ESTIMATES

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. Our significant accounting policies are described in Note 1 to the Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended July 28, 2019 (2019 Annual Report on Form 10-K). The accounting policies we used in preparing these financial statements are substantially consistent with those we applied in our 2019 Annual Report on Form 10-K, with the exception of the adoption of revised guidance on leases as described in Notes 2 and 11 to the Consolidated Financial Statements. Our significant accounting estimates are described in Management's Discussion and Analysis included in the 2019 Annual Report on Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

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

FORWARD LOOKING STATEMENTS

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

We wish to caution the reader that the following important factors and those important factors described in our other Securities and Exchange Commission filings, or in our 2019 Annual Report on Form 10-K, could affect our actual results and could cause such results to vary materially from those expressed in any forward-looking statements made by, or on behalf of, us:

- our ability to execute on and realize the expected benefits from our strategy, including growing sales in snacks and maintaining our market share position in soup;
- the impact of strong competitive responses to our efforts to leverage brand power with product innovation, promotional programs and new advertising;
- the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies;
- our indebtedness and ability to pay such indebtedness;
- impacts of, and associated responses to the COVID-19 pandemic;
- our ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions;
- disruptions to our supply chain and/or operations, as well as fluctuations in the supply of and inflation in energy and raw and packaging materials cost;
- our ability to manage changes to our organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes;
- changes in consumer demand for our products and favorable perception of our brands;
- changing inventory management practices by certain of our key customers;
- a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of our key customers maintain significance to our business;

- product quality and safety issues, including recalls and product liabilities;
- the possible disruption to the independent contractor distribution models used by certain of our businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification;
- the uncertainties of litigation and regulatory actions against us;
- the costs, disruption and diversion of management's attention associated with activist investors;
- a material failure in or breach of our information technology systems;
- impairment to goodwill or other intangible assets;
- our ability to protect our intellectual property rights;
- increased liabilities and costs related to our defined benefit pension plans;
- our ability to attract and retain key talent;
- changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; and
- unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters, 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 3. *Quantitative and Qualitative Disclosure About Market Risk*

For information regarding our exposure to certain market risk, see Item 7A, Quantitative and Qualitative Disclosure About Market Risk, in the 2019 Annual Report on Form 10-K. There have been no significant changes in our portfolio of financial instruments or market risk exposures from the 2019 year-end.

Item 4. *Controls and Procedures*

a. Evaluation of Disclosure Controls and Procedure

We, under the supervision and with the participation of our management, including the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of April 26, 2020 (Evaluation Date). Based on such evaluation, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective.

b. Changes in Internal Control

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) that materially affected, or were likely to materially affect, such control over financial reporting during the quarter ended April 26, 2020.

PART II - OTHER INFORMATION

Item 1. ***Legal Proceedings***

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

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

On April 20, 2020, we filed a Current Report on Form 8-K to, among other things, supplement the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended July 28, 2019 and subsequent SEC filings. These risks factors, along with those previously disclosed, could materially adversely affect our business or financial results. Additional risks and uncertainties that are not presently known to us or that we deem immaterial may also impair our business or financial results.

Operational Risk Factor

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

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

- a shutdown of one or more of our manufacturing, warehousing or distribution facilities, or disruption in our supply chain, including but not limited to, as a result of illness, government restrictions or other workforce disruptions;
- the failure of third parties on which we rely, including but not limited to, those that supply our packaging, ingredients, equipment and other necessary operating materials, co-manufacturers and independent contractors, to meet their obligations to us, or significant disruptions in their ability to do so;
- a strain on our supply chain, which could result from continued increased retailer and consumer demand for our products;
- a disruption to our distribution capabilities or to our distribution channels, including those of our suppliers, contract manufacturers, logistics service providers or independent distributors;
- reductions in the availability of one or more of our products as we prioritize the production of other products due to increased demand;
- new or escalated government or regulatory responses in markets where we manufacture, sell or distribute our products, or in the markets of third parties on which we rely, could prevent or disrupt our business operations;
- continued commodity cost volatility, which may not be sufficiently offset by our commodity hedging activities;
- continued pricing and access volatility in the capital and commercial paper markets, which might cause us to not be able to continue to access preferred sources of liquidity when we would like, and our borrowing costs could increase;
- we have experienced higher costs in certain areas such as front-line employee compensation and independent contractor payments, as well as incremental costs associated with newly added health screenings, temperature checks and enhanced cleaning and sanitation protocols to protect our employees and product quality standards, which could continue or could increase in these or other areas;
- while we have experienced increased demand for our retail products, we may experience significant reductions or volatility in demand for one or more of our products, which may be caused by, among other things: the temporary inability of consumers to purchase our products due to illness, quarantine or other travel restrictions, or financial hardship; the easing of governmental authority restrictions and business closings; or pantry-loading activity;
- a change in demand for or availability of our products as a result of retailers, distributors, or carriers modifying their inventory, fulfillment or shipping practices;
- an inability to effectively modify our trade promotion and advertising activities to reflect changing consumer shopping habits due to, among other things, reduced in-store visits and travel restrictions;
- a shift in consumer spending as a result of an economic downturn could result in consumers moving to private label or lower price products; and
- a continued decrease in demand at restaurants or other away from home dining establishments resulting from government restrictions and social distancing measures, which adversely affects our foodservice business.

Further, we have recently delayed the implementation of system upgrades and certain other cost-saving and enabler projects due to the COVID-19 pandemic. Continued disruptions and uncertainties related to the COVID-19 pandemic for a sustained period of time could result in additional delays or modifications to our strategic plans and other initiatives and hinder our ability to achieve our cost savings and enabler objectives on the same timelines.

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

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

None.

Item 6. ***Exhibits***

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

INDEX TO EXHIBITS

4.1	Indenture dated as of March 19, 2015 between Registrant and Wells Fargo Bank, National Association, as trustee, incorporated by reference to Registrant's Current Report on Form 8-K (SEC file number 1-3822) filed with the SEC on April 24, 2020.
4.2.1	Form of 2030 Note, incorporated by reference to Registrant's Current Report on Form 8-K (SEC file number 1-3822) filed with the SEC on April 24, 2020.
4.2.2	Form of 2050 Note, incorporated by reference to Registrant's Current Report on Form 8-K (SEC file number 1-3822) filed with the SEC on April 24, 2020.
31.1	Certification of Mark A. Clouse pursuant to Rule 13a-14(a).
31.2	Certification of Mick Beekhuizen pursuant to Rule 13a-14(a).
32.1	Certification of Mark A. Clouse pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Mick Beekhuizen pursuant to 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document - the instance document does not appear on the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Extension Schema Document.
101.CAL	Inline XBRL Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Extension Definition Linkbase Document.
101.LAB	Inline XBRL Extension Label Linkbase Document.
101.PRE	Inline XBRL Extension Presentation Linkbase Document.
104	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL (included in Exhibit 101).

SIGNATURES

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

June 3, 2020

CAMPBELL SOUP COMPANY

By: /s/ Mick Beekhuizen

Mick Beekhuizen

Executive Vice President and Chief Financial Officer

By: /s/ Stanley Polomski

Stanley Polomski

Vice President and Controller

EXHIBIT 31.1

CERTIFICATION PURSUANT
TO RULE 13a-14(a)

I, Mark A. Clouse, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Campbell Soup Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 3, 2020

By: /s/ Mark A. Clouse

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

EXHIBIT 31.2

CERTIFICATION PURSUANT
TO RULE 13a-14(a)

I, Mick Beekhuizen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Campbell Soup Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 3, 2020

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

EXHIBIT 32.1

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

In connection with the Quarterly Report of Campbell Soup Company (the "Company") on Form 10-Q for the fiscal quarter ended April 26, 2020 (the "Report"), I, Mark A. Clouse, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 3, 2020

By: /s/ Mark A. Clouse

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

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required under Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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

In connection with the Quarterly Report of Campbell Soup Company (the “Company”) on Form 10-Q for the fiscal quarter ended April 26, 2020 (the “Report”), I, Mick Beekhuizen, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 3, 2020

By: /s/ Mick Beekhuizen

Name: Mick 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.