

CAMPBELL SOUP COMPANY
CONSOLIDATED STATEMENTS OF EARNINGS (unaudited)
(millions, except per share amounts)

	Three Months Ended	
	January 26, 2020	January 27, 2019
Net sales	\$ 2,162	\$ 2,172
Costs and expenses		
Cost of products sold	1,420	1,466
Marketing and selling expenses	237	221
Administrative expenses	148	146
Research and development expenses	22	20
Other expenses / (income)	(22)	(8)
Restructuring charges	7	2
Total costs and expenses	1,812	1,847
Earnings before interest and taxes	350	325
Interest, net	146	91
Earnings before taxes	204	234
Taxes on earnings	33	58
Earnings from continuing operations	171	176
Earnings (loss) from discontinued operations	1,037	(235)
Net earnings (loss)	1,208	(59)
Net loss attributable to noncontrolling interests	—	—
Net earnings (loss) attributable to Campbell Soup Company	\$ 1,208	\$ (59)
Per share - basic		
Earnings from continuing operations attributable to Campbell Soup Company	\$.57	\$.58
Earnings (loss) from discontinued operations	3.43	(.78)
Net earnings (loss) attributable to Campbell Soup Company	\$ 4.00	\$ (.20)
Dividends	\$.35	\$.35
Weighted average shares outstanding - basic	302	301
Per share - assuming dilution		
Earnings from continuing operations attributable to Campbell Soup Company	\$.56	\$.58
Earnings (loss) from discontinued operations	3.41	(.78)
Net earnings (loss) attributable to Campbell Soup Company	\$ 3.97	\$ (.20)
Weighted average shares outstanding - assuming dilution	304	302

CAMPBELL SOUP COMPANY
CONSOLIDATED STATEMENTS OF EARNINGS (unaudited)
(millions, except per share amounts)

	Six Months Ended	
	January 26, 2020	January 27, 2019
Net sales	\$ 4,345	\$ 4,374
Costs and expenses		
Cost of products sold	2,865	2,942
Marketing and selling expenses	443	432
Administrative expenses	282	294
Research and development expenses	44	43
Other expenses / (income)	34	(8)
Restructuring charges	10	20
Total costs and expenses	3,678	3,723
Earnings before interest and taxes	667	651
Interest, net	226	181
Earnings before taxes	441	470
Taxes on earnings	101	114
Earnings from continuing operations	340	356
Earnings (loss) from discontinued operations	1,034	(221)
Net earnings	1,374	135
Net loss attributable to noncontrolling interests	—	—
Net earnings attributable to Campbell Soup Company	\$ 1,374	\$ 135
Per share - basic		
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1.13	\$ 1.18
Earnings (loss) from discontinued operations	3.44	(.73)
Net earnings attributable to Campbell Soup Company*	\$ 4.56	\$.45
Dividends	\$.70	\$.70
Weighted average shares outstanding - basic	301	301
Per share - assuming dilution		
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1.12	\$ 1.18
Earnings (loss) from discontinued operations	3.41	(.73)
Net earnings attributable to Campbell Soup Company	\$ 4.53	\$.45
Weighted average shares outstanding - assuming dilution	303	302

*The sum of individual per share amounts may not add due to rounding.

CAMPBELL SOUP COMPANY
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF SALES AND EARNINGS (unaudited)
(millions, except per share amounts)

	<u>Three Months Ended</u>		Percent Change
	<u>January 26, 2020</u>	January 27, 2019	
<u>Sales</u>			
Contributions:			
Meals & Beverages	\$ 1,224	\$ 1,222	—%
Snacks	938	949	(1)%
Corporate	—	1	n/m
Total sales	<u>\$ 2,162</u>	<u>\$ 2,172</u>	—%
<u>Earnings</u>			
Contributions:			
Meals & Beverages	\$ 242	\$ 253	(4)%
Snacks	136	132	3%
Total operating earnings	378	385	(2)%
Corporate	(21)	(58)	
Restructuring charges	(7)	(2)	
Earnings before interest and taxes	350	325	8%
Interest, net	146	91	
Taxes on earnings	33	58	
Earnings from continuing operations	171	176	
Earnings (loss) from discontinued operations	1,037	(235)	
Net earnings (loss)	1,208	(59)	n/m
Net loss attributable to noncontrolling interests	—	—	
Net earnings (loss) attributable to Campbell Soup Company	<u>\$ 1,208</u>	<u>\$ (59)</u>	n/m
Per share - assuming dilution			
Earnings from continuing operations attributable to Campbell Soup Company	\$.56	\$.58	
Earnings (loss) from discontinued operations	3.41	(.78)	
Net earnings (loss) attributable to Campbell Soup Company	<u>\$ 3.97</u>	<u>\$ (.20)</u>	n/m

n/m - not meaningful

Beginning in fiscal 2020, the business in Latin America is managed as part of the Snacks segment. In fiscal 2019, the business in Latin America was managed as part of the Meals & Beverages segment.

On June 16, 2019, the company sold its Bolthouse Farms business. In the third quarter of fiscal 2019, the company also sold its refrigerated soup plant and its Garden Fresh Gourmet business. Beginning in the third quarter of fiscal 2019, the results of these businesses were reported as discontinued operations. The businesses were historically included in the Campbell Fresh segment. A portion of the U.S. refrigerated soup business was retained and is reported as part of foodservice in Meals & Beverages.

On September 23, 2019, the company sold the Kelsen Group; and on December 23, 2019, the company sold its Arnett's business and certain other international operations. Beginning in the fourth quarter of fiscal 2019, the results of these businesses were reported as discontinued operations. The businesses were historically included in the Snacks segment.

Prior periods have been adjusted retrospectively to reflect these changes.

CAMPBELL SOUP COMPANY
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF SALES AND EARNINGS (unaudited)
(millions, except per share amounts)

	<u>Six Months Ended</u>		Percent Change
	<u>January 26, 2020</u>	January 27, 2019	
<u>Sales</u>			
Contributions:			
Meals & Beverages	\$ 2,418	\$ 2,451	(1)%
Snacks	1,927	1,922	—%
Corporate	—	1	n/m
Total sales	<u>\$ 4,345</u>	<u>\$ 4,374</u>	(1)%
<u>Earnings</u>			
Contributions:			
Meals & Beverages	\$ 524	543	(3)%
Snacks	261	257	2%
Total operating earnings	785	800	(2)%
Corporate	(108)	(129)	
Restructuring charges	(10)	(20)	
Earnings before interest and taxes	667	651	2%
Interest, net	226	181	
Taxes on earnings	101	114	
Earnings from continuing operations	340	356	
Earnings (loss) from discontinued operations	1,034	(221)	
Net earnings	1,374	135	n/m
Net loss attributable to noncontrolling interests	—	—	
Net earnings attributable to Campbell Soup Company	<u>\$ 1,374</u>	<u>\$ 135</u>	n/m
Per share - assuming dilution			
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1.12	\$ 1.18	
Earnings (loss) from discontinued operations	3.41	(.73)	
Net earnings attributable to Campbell Soup Company	<u>\$ 4.53</u>	<u>\$.45</u>	n/m

n/m - not meaningful

CAMPBELL SOUP COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(millions)

	January 26, 2020	January 27, 2019
Current assets	\$ 1,556	\$ 1,605
Current assets of discontinued operations	—	690
Plant assets, net	2,336	2,431
Intangible assets, net	7,361	7,487
Other assets	401	187
Noncurrent assets of discontinued operations	—	1,705
Total assets	\$ 11,654	\$ 14,105
Current liabilities	\$ 2,536	\$ 2,671
Current liabilities of discontinued operations	—	628
Long-term debt	4,919	7,996
Other liabilities	1,700	1,471
Noncurrent liabilities of discontinued operations	—	61
Total equity	2,499	1,278
Total liabilities and equity	\$ 11,654	\$ 14,105
Total debt*	\$ 5,821	\$ 9,457
Total cash and cash equivalents*	\$ 58	\$ 203

*Includes discontinued operations.

On December 23, 2019, the company sold its Arnott's business and certain other international operations. On September 23, 2019, the company sold the Kelsen Group. On June 16, 2019, the company sold its Bolthouse Farms business. In the third quarter of fiscal 2019, the company also sold its refrigerated soup plant and its Garden Fresh Gourmet business. The assets and liabilities of these businesses are reported as assets and liabilities of discontinued operations as of January 27, 2019.

CAMPBELL SOUP COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(millions)

	Six Months Ended	
	January 26, 2020	January 27, 2019
Cash flows from operating activities:		
Net earnings	\$ 1,374	\$ 135
Adjustments to reconcile net earnings to operating cash flow		
Impairment charges	—	360
Restructuring charges	10	21
Stock-based compensation	33	31
Pension and postretirement benefit income	(47)	(29)
Depreciation and amortization	162	241
Deferred income taxes	32	(40)
Net gain on sales of businesses	(972)	—
Loss on extinguishment of debt	75	—
Other	53	18
Changes in working capital, net of acquisition and divestitures		
Accounts receivable	(112)	(150)
Inventories	73	122
Prepaid assets	11	(2)
Accounts payable and accrued liabilities	(9)	170
Other	(20)	(31)
Net cash provided by operating activities	663	846
Cash flows from investing activities:		
Purchases of plant assets	(167)	(198)
Purchases of route businesses	(6)	(23)
Sales of route businesses	5	25
Business acquired, net of cash acquired	—	(18)
Sales of businesses, net of cash divested	2,533	—
Other	3	11
Net cash provided by (used in) investing activities	2,368	(203)
Cash flows from financing activities:		
Short-term borrowings	3,680	2,831
Short-term repayments	(4,350)	(3,274)
Long-term repayments	(499)	—
Dividends paid	(213)	(212)
Treasury stock issuances	4	—
Payments related to tax withholding for stock-based compensation	(9)	(7)
Payments related to extinguishment of debt	(1,765)	—
Payments of debt issuance costs	—	(1)
Net cash used in financing activities	(3,152)	(663)
Effect of exchange rate changes on cash	—	(3)
Net change in cash and cash equivalents	(121)	(23)
Cash and cash equivalents — beginning of period	31	49
Cash balance of discontinued operations — beginning of period	148	177
Cash balance of discontinued operations — end of period	—	(157)
Cash and cash equivalents — end of period	\$ 58	\$ 46

Reconciliation of GAAP to Non-GAAP Financial Measures
Second Quarter Ended January 26, 2020

Campbell Soup Company uses certain non-GAAP financial measures as defined by the Securities and Exchange Commission in certain communications. These non-GAAP financial measures are measures of performance not defined by accounting principles generally accepted in the United States and should be considered in addition to, not in lieu of, GAAP reported measures. Management believes that also presenting certain non-GAAP financial measures provides additional information to facilitate comparison of the company's historical operating results and trends in its underlying operating results, and provides transparency on how the company evaluates its business. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the company's performance. Beginning in the third quarter of fiscal 2019, the results of the Campbell Fresh segment were reported as discontinued operations. Beginning in the fourth quarter of fiscal 2019, the results of the Kelsen Group, Arnott's and certain other international operations (Campbell International), which represented the former international biscuits and snacks operating segment, are reported as discontinued operations. On October 11, 2019, the company sold its European chips business. The results of the business through the date of sale are reflected in continuing operations within the Snacks segment.

Organic Net Sales

Organic net sales are net sales excluding the impact of currency, acquisitions, divestitures, and the additional week in fiscal 2020. Management believes that excluding these items, which are not part of the ongoing business, improves the comparability of year-to-year results. A reconciliation of net sales as reported to organic net sales follows.

Three Months Ended

(millions)	January 26, 2020			January 27, 2019			% Change	
	Net Sales, as Reported	Impact of Currency	Organic Net Sales	Net Sales, as Reported	Impact of Divestiture	Organic Net Sales	Net Sales, as Reported	Organic Net Sales
Meals & Beverages	\$ 1,224	\$ (1)	\$ 1,223	\$ 1,222	\$ —	\$ 1,222	—%	—%
Snacks	938	—	938	949	(32)	917	(1)%	2%
Corporate	—	—	—	1	—	1	n/m	n/m
Total Net Sales	<u>\$ 2,162</u>	<u>\$ (1)</u>	<u>\$ 2,161</u>	<u>\$ 2,172</u>	<u>\$ (32)</u>	<u>\$ 2,140</u>	<u>—%</u>	<u>1%</u>

Six Months Ended

(millions)	January 26, 2020			January 27, 2019			% Change	
	Net Sales, as Reported	Impact of Currency	Organic Net Sales	Net Sales, as Reported	Impact of Divestiture	Organic Net Sales	Net Sales, as Reported	Organic Net Sales
Meals & Beverages	\$ 2,418	\$ 1	\$ 2,419	\$ 2,451	\$ —	\$ 2,451	(1)%	(1)%
Snacks	1,927	1	1,928	1,922	(32)	1,890	—%	2%
Corporate	—	—	—	1	—	1	n/m	n/m
Total Net Sales	<u>\$ 4,345</u>	<u>\$ 2</u>	<u>\$ 4,347</u>	<u>\$ 4,374</u>	<u>\$ (32)</u>	<u>\$ 4,342</u>	<u>(1)%</u>	<u>—%</u>

n/m - not meaningful

Items Impacting Earnings

Management believes that financial information excluding certain items that are not considered to reflect the ongoing operating results, such as those listed below, improves the comparability of year-to-year results. Consequently, management believes that investors may be able to better understand its results excluding these items.

The following items impacted earnings:

Continuing Operations

- (1) The company has implemented several cost savings initiatives in recent years.

In the second quarter of fiscal 2020, the company recorded Restructuring charges of \$7 million and implementation costs and other related costs of \$13 million in Administrative expenses, \$2 million in Cost of products sold, \$2 million in Marketing and selling expenses, and \$1 million in Research and development expenses (aggregate impact of \$19 million after tax, or \$.06 per share) related to these initiatives. In the six-month period of fiscal 2020, the company

recorded Restructuring charges of \$10 million and implementation costs and other related costs of \$21 million in Administrative expenses, \$2 million in Cost of products sold, \$2 million in Marketing and selling expenses, and \$1 million in Research and development expenses (aggregate impact of \$27 million after tax, or \$.09 per share) related to these initiatives. Of these amounts, \$2 million related to accelerated depreciation. In the second quarter of fiscal 2019, the company recorded Restructuring charges of \$2 million and implementation costs and other related costs of \$10 million in Administrative expenses, \$9 million in Cost of products sold, \$2 million in Marketing and selling expenses, and \$1 million in Research and development expenses (aggregate impact of \$18 million after tax, or \$.06 per share) related to these initiatives. In the six-month period of fiscal 2019, the company recorded Restructuring charges of \$20 million and implementation costs and other related costs of \$23 million in Administrative expenses, \$21 million in Cost of products sold, \$4 million in Marketing and selling expenses, and \$1 million in Research and development expenses (aggregate impact of \$52 million after tax, or \$.17 per share). Of these amounts, \$21 million related to accelerated depreciation. For the year ended July 28, 2019, the company recorded Restructuring charges of \$31 million and implementation costs and other related costs of \$62 million in Administrative expenses, \$18 million in Cost of products sold, \$7 million in Marketing and selling expenses, and \$3 million in Research and development expenses (aggregate impact of \$92 million after tax, or \$.30 per share) related to these initiatives. Of these amounts, \$18 million related to accelerated depreciation.

- (2) In the second quarter of fiscal 2020, the company recorded a loss in Interest expense of \$75 million (\$57 million after tax, or \$.19 per share) on the extinguishment of debt.
- (3) In the second quarter of fiscal 2020, the company recognized a pre-tax pension settlement gain in Other expenses / (income) of \$11 million (\$8 million after tax, or \$.03 per share) associated with U.S. and Canadian pension plans. For the year ended July 28, 2019, the company recognized a pre-tax pension settlement charge in Other expenses / (income) of \$28 million (\$22 million after tax, or \$.07 per share) associated with a U.S. pension plan. The settlements resulted from the level of lump sum distributions from the plans' assets.
- (4) In the second quarter of fiscal 2020, the company recorded a tax benefit of \$19 million (\$.06 per share) on the sale of its European chips business. In the six-month period of fiscal 2020, the company recorded a loss in Other expenses / (income) of \$64 million (\$41 million after tax, or \$.14 per share) on the sale of its European chips business.
- (5) In fiscal 2019, the company reflected the impact on taxes of the enactment of the Tax Cuts and Jobs Act that was signed into law in December 2017. In the second quarter of fiscal 2019, the company recorded a tax charge of \$2 million (\$.01 per share) related to a transition tax on unremitted foreign earnings.
- (6) For the year ended July 28, 2019, the company performed an assessment on the assets within the European chips business and recorded a non-cash impairment charge of \$16 million (\$13 million after tax, or \$.04 per share) on intangible assets in Other expenses / (income).
- (7) For the year ended July 28, 2019, the company incurred losses of \$122 million in Other expenses / (income) (\$93 million after tax, or \$.31 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans.

Discontinued Operations

- (1) In the six-month period of fiscal 2019, the company recorded a charge of \$1 million pre tax and after tax related to the cost savings initiatives.
- (4) In the second quarter of fiscal 2020, the company recognized gains of \$1.087 billion associated with the sale of the Arnott's business and certain other international operations. In addition, the company recorded tax expense of \$4 million associated with the sale of the Kelsen Group. The aggregate impact was \$1.025 billion after tax, or \$3.37 per share. In the six-month period of fiscal 2020, the company recognized net gains of \$1.036 billion (\$998 million after tax, or \$3.29 per share) associated with the sale of its Campbell International businesses. In the second quarter of fiscal 2019, the company incurred costs of \$10 million (\$8 million after tax, or \$.03 per share) associated with the planned divestitures of its Campbell Fresh and Campbell International businesses. In the six-month period of fiscal 2019, the company incurred costs of \$12 million (\$9 million after tax, or \$.03 per share) associated with the planned divestitures of its Campbell Fresh and Campbell International businesses.

For the year ended July 28, 2019, the company incurred pre-tax expenses of \$32 million associated with the sale process of the businesses in Campbell Fresh, including transaction costs. In addition, the company recorded tax expense of \$29 million as deferred tax assets on Bolthouse Farms were not realizable. The aggregate impact was \$51 million after tax, or \$.17 per share. For the year ended July 28, 2019, the company also incurred costs of \$12 million

(\$10 million after tax, or \$.03 per share) associated with the planned divestiture of Campbell International. The total aggregate impact was \$61 million after tax, or \$.20 per share.

- (6) In the second quarter of fiscal 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 the company continued to pursue the divestiture of these businesses. The company revised its future outlook for earnings and cash flows for each of these businesses as the divestiture process progressed. The company 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 fiscal 2019, the company recorded a non-cash impairment charge of \$14 million (\$11 million after tax, or \$.04 per share) on its U.S. refrigerated soup plant assets.

In the six-month period of fiscal 2019, the total non-cash impairment charges recorded were \$360 million (\$275 million after tax, or \$.91 per share).

In the fourth quarter of fiscal 2019, as part of the company's annual review of intangible assets, the company recognized an impairment charge of \$7 million on a trademark and \$10 million on goodwill in Kelsen due to a lower long-term outlook for sales and the pending sale of the business. The aggregate impact was \$17 million (\$12 million after tax, or \$.04 per share).

For the year ended July 28, 2019, the total non-cash impairment charges recorded were \$377 million (\$287 million after tax, or \$.95 per share).

- (7) For the year ended July 28, 2019, the company incurred losses of \$12 million (\$9 million after tax, or \$.03 per share) associated with mark-to-market adjustments for defined pension plans.

The following tables reconcile financial information, presented in accordance with GAAP, to financial information excluding certain items:

(millions, except per share amounts)	Three Months Ended						Adjusted Percent Change
	January 26, 2020			January 27, 2019			
	As reported	Adjustments ^(a)	Adjusted	As reported	Adjustments ^(a)	Adjusted	
Gross margin	\$ 742	\$ 2	\$ 744	\$ 706	\$ 9	\$ 715	4%
Gross margin percentage	34.3 %		34.4 %	32.5 %		32.9 %	
Marketing and selling expenses	237	(2)	235	221	(2)	219	
Administrative expenses	148	(13)	135	146	(10)	136	
Research and development expenses	22	(1)	21	20	(1)	19	
Other expenses / (income)	(22)	11	(11)	(8)	—	(8)	
Restructuring charges	7	(7)	—	2	(2)	—	
Earnings before interest and taxes	\$ 350	\$ 14	\$ 364	\$ 325	\$ 24	\$ 349	4%
Interest, net	146	(75)	71	91	—	91	
Earnings before taxes	\$ 204	\$ 89	\$ 293	\$ 234	\$ 24	\$ 258	
Taxes	33	40	73	58	4	62	
Effective income tax rate	16.2 %		24.9 %	24.8 %		24.0 %	
Earnings from continuing operations	\$ 171	\$ 49	\$ 220	\$ 176	\$ 20	\$ 196	12%
Earnings (loss) from discontinued operations	1,037	(1,025)	12	(235)	272	37	(68)%
Net earnings (loss) attributable to Campbell Soup Company	\$ 1,208	\$ (976)	\$ 232	\$ (59)	\$ 292	\$ 233	—%
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.56	\$.16	\$.72	\$.58	\$.07	\$.65	11%
Diluted earnings (loss) per share - discontinued operations	3.41	(3.37)	.04	(.78)	.90	.12	(67)%
Diluted net earnings (loss) per share attributable to Campbell Soup Company	\$ 3.97	\$ (3.21)	\$.76	\$ (.20)	\$.97	\$.77	(1)%

^(a)See following tables for additional information.

	Three Months Ended				
	January 26, 2020				
(millions, except per share amounts)	Restructuring charges, implementation costs and other related costs (1)	Loss on extinguishment of debt (2)	Pension settlement (3)	Divestitures (4)	Adjustments
Gross margin	\$ 2	\$ —	\$ —	\$ —	\$ 2
Marketing and selling expenses	(2)	—	—	—	(2)
Administrative expenses	(13)	—	—	—	(13)
Research and development expenses	(1)	—	—	—	(1)
Other expenses / (income)	—	—	11	—	11
Restructuring charges	(7)	—	—	—	(7)
Earnings before interest and taxes	\$ 25	\$ —	\$ (11)	\$ —	\$ 14
Interest, net	—	(75)	—	—	(75)
Earnings before taxes	\$ 25	\$ 75	\$ (11)	\$ —	\$ 89
Taxes	6	18	(3)	19	40
Earnings from continuing operations	\$ 19	\$ 57	\$ (8)	\$ (19)	\$ 49
Earnings from discontinued operations	—	—	—	(1,025)	(1,025)
Net earnings attributable to Campbell Soup Company	\$ 19	\$ 57	\$ (8)	\$ (1,044)	\$ (976)
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.06	\$.19	\$ (.03)	\$ (.06)	\$.16
Diluted earnings per share - discontinued operations	—	—	—	(3.37)	(3.37)
Diluted net earnings per share attributable to Campbell Soup Company	\$.06	\$.19	\$ (.03)	\$ (3.43)	\$ (3.21)

	Three Months Ended				
	January 27, 2019				
(millions, except per share amounts)	Restructuring charges, implementation costs and other related costs (1)	Divestitures (4)	Tax reform (5)	Impairment charges (6)	Adjustments
Gross margin	\$ 9	\$ —	\$ —	\$ —	\$ 9
Marketing and selling expenses	(2)	—	—	—	(2)
Administrative expenses	(10)	—	—	—	(10)
Research and development expenses	(1)	—	—	—	(1)
Restructuring charges	(2)	—	—	—	(2)
Earnings before interest and taxes	\$ 24	\$ —	\$ —	\$ —	\$ 24
Interest, net	—	—	—	—	—
Earnings before taxes	\$ 24	\$ —	\$ —	\$ —	\$ 24
Taxes	6	—	(2)	—	4
Earnings from continuing operations	\$ 18	\$ —	\$ 2	\$ —	\$ 20
Earnings from discontinued operations	—	8	—	264	272
Net earnings attributable to Campbell Soup Company	\$ 18	\$ 8	\$ 2	\$ 264	\$ 292
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.06	\$ —	\$.01	\$ —	\$.07
Diluted earnings per share - discontinued operations	—	.03	—	.87	.90
Diluted net earnings per share attributable to Campbell Soup Company	\$.06	\$.03	\$.01	\$.87	\$.97

Six Months Ended

(millions, except per share amounts)	January 26, 2020			January 27, 2019			Adjusted Percent Change
	As reported	Adjustments ^(a)	Adjusted	As reported	Adjustments ^(a)	Adjusted	
Gross margin	\$ 1,480	\$ 2	\$ 1,482	\$ 1,432	\$ 21	\$ 1,453	2%
Gross margin percentage	34.1 %		34.1 %	32.7 %		33.2 %	
Marketing and selling expenses	443	(2)	441	432	(4)	428	
Administrative expenses	282	(21)	261	294	(23)	271	
Research and development expenses	44	(1)	43	43	(1)	42	
Other expenses / (income)	34	(53)	(19)	(8)	—	(8)	
Restructuring charges	10	(10)	—	20	(20)	—	
Earnings before interest and taxes	\$ 667	\$ 89	\$ 756	\$ 651	\$ 69	\$ 720	5%
Interest, net	226	(75)	151	181	—	181	
Earnings before taxes	\$ 441	\$ 164	\$ 605	\$ 470	\$ 69	\$ 539	
Taxes	101	47	148	114	15	129	
Effective income tax rate	22.9 %		24.5 %	24.3 %		23.9 %	
Earnings from continuing operations	\$ 340	\$ 117	\$ 457	\$ 356	\$ 54	\$ 410	11%
Earnings (loss) from discontinued operations	1,034	(998)	36	(221)	285	64	(44)%
Net earnings attributable to Campbell Soup Company	\$ 1,374	\$ (881)	\$ 493	\$ 135	\$ 339	\$ 474	4%
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$ 1.12	\$.39	\$ 1.51	\$ 1.18	\$.18	\$ 1.36	11%
Diluted earnings (loss) per share - discontinued operations	3.41	(3.29)	.12	(.73)	.94	.21	(43)%
Diluted net earnings per share attributable to Campbell Soup Company*	\$ 4.53	\$ (2.91)	\$ 1.63	\$.45	\$ 1.12	\$ 1.57	4%

^(a)See following tables for additional information.

*The sum of individual per share amounts may not add due to rounding.

Six Months Ended

January 26, 2020

(millions, except per share amounts)	Restructuring charges, implementation costs and other related costs (1)	Loss on extinguishment of debt (2)	Pension settlement (3)	Divestitures (4)	Adjustments
Gross margin	\$ 2	\$ —	\$ —	\$ —	\$ 2
Marketing and selling expenses	(2)	—	—	—	(2)
Administrative expenses	(21)	—	—	—	(21)
Research and development expenses	(1)	—	—	—	(1)
Other expenses / (income)	—	—	11	(64)	(53)
Restructuring charges	(10)	—	—	—	(10)
Earnings before interest and taxes	\$ 36	\$ —	\$ (11)	\$ 64	\$ 89
Interest, net	—	(75)	—	—	(75)
Earnings before taxes	\$ 36	\$ 75	\$ (11)	\$ 64	\$ 164
Taxes	9	18	(3)	23	47
Earnings from continuing operations	\$ 27	\$ 57	\$ (8)	\$ 41	\$ 117
Earnings from discontinued operations	—	—	—	(998)	(998)
Net earnings attributable to Campbell Soup Company	\$ 27	\$ 57	\$ (8)	\$ (957)	\$ (881)
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.09	\$.19	\$ (.03)	\$.14	\$.39
Diluted earnings per share - discontinued operations	—	—	—	(3.29)	(3.29)
Diluted net earnings per share attributable to Campbell Soup Company*	\$.09	\$.19	\$ (.03)	\$ (3.16)	\$ (2.91)

*The sum of individual per share amounts may not add due to rounding.

Six Months Ended

January 27, 2019

(millions, except per share amounts)	Restructuring charges, implementation costs and other related costs (1)	Divestitures (4)	Tax reform (5)	Impairment charges (6)	Adjustments
Gross margin	\$ 21	\$ —	\$ —	\$ —	\$ 21
Marketing and selling expenses	(4)	—	—	—	(4)
Administrative expenses	(23)	—	—	—	(23)
Research and development expenses	(1)	—	—	—	(1)
Restructuring charges	(20)	—	—	—	(20)
Earnings before interest and taxes	\$ 69	\$ —	\$ —	\$ —	\$ 69
Interest, net	—	—	—	—	—
Earnings before taxes	\$ 69	\$ —	\$ —	\$ —	\$ 69
Taxes	17	—	(2)	—	15
Earnings from continuing operations	\$ 52	\$ —	\$ 2	\$ —	\$ 54
Earnings from discontinued operations	1	9	—	275	285
Net earnings attributable to Campbell Soup Company	\$ 53	\$ 9	\$ 2	\$ 275	\$ 339
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.17	\$ —	\$.01	\$ —	\$.18
Diluted earnings per share - discontinued operations	—	.03	—	.91	.94
Diluted net earnings per share attributable to Campbell Soup Company*	\$.18	\$.03	\$.01	\$.91	\$ 1.12

*The sum of individual per share amounts may not add due to rounding.

(millions, except per share amounts)	Year Ended July 28, 2019
Gross margin, as reported	\$ 2,693
Add: Restructuring charges, implementation costs and other related costs (1)	18
Adjusted Gross margin	\$ 2,711
Adjusted Gross margin percentage	33.4 %
Earnings before interest and taxes, as reported	\$ 979
Add: Restructuring charges, implementation costs and other related costs (1)	121
Add: Pension settlement (3)	28
Add: Impairment charges (6)	16
Add: Pension and postretirement benefit mark-to-market adjustments (7)	122
Adjusted Earnings before interest and taxes	\$ 1,266
Interest, net, as reported	\$ 354
Adjusted Earnings before taxes	\$ 912
Taxes on earnings, as reported	\$ 151
Add: Tax benefit from restructuring charges, implementation costs and other related costs (1)	29
Add: Tax benefit from pension settlement (3)	6
Deduct: Tax expense from tax reform (5)	(2)
Add: Tax benefit from impairment charges (6)	3
Add: Tax benefit from pension and postretirement benefit mark-to-market adjustments (7)	29
Adjusted Taxes on earnings	\$ 216
Adjusted effective income tax rate	23.7 %
Earnings from continuing operations, as reported	\$ 474
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	92
Add: Net adjustment from pension settlement (3)	22
Add: Net adjustment from tax reform (5)	2
Add: Net adjustment from impairment charges (6)	13
Add: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (7)	93
Adjusted Earnings from continuing operations	\$ 696
Loss from discontinued operations, as reported	\$ (263)
Add: Net adjustment from divestitures (4)	61
Add: Net adjustment from impairment charges (6)	287
Add: Net adjustment from total pension benefit mark-to-market adjustments (7)	9
Adjusted Earnings from discontinued operations	\$ 94
Adjusted Net earnings attributable to Campbell Soup Company	\$ 790
Diluted earnings per share - continuing operations attributable to Campbell Soup Company, as reported	\$ 1.57
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	.30
Add: Net adjustment from pension settlement (3)	.07
Add: Net adjustment from tax reform (5)	.01
Add: Net adjustment from impairment charges (6)	.04
Add: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (7)	.31
Adjusted Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$ 2.30
Diluted loss per share - discontinued operations, as reported	\$ (.87)
Add: Net adjustment from divestitures (4)	.20
Add: Net adjustment from impairment charges (6)	.95
Add: Net adjustment from total pension benefit mark-to-market adjustments (7)	.03
Adjusted Diluted earnings per share - discontinued operations	\$.31

(millions, except per share amounts)	Year Ended July 28, 2019
Diluted net earnings per share attributable to Campbell Soup Company, as reported	\$.70
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	.30
Add: Net adjustment from pension settlement (3)	.07
Add: Net adjustment from divestitures (4)	.20
Add: Net adjustment from tax reform (5)	.01
Add: Net adjustment from impairment charges (6)	.99
Add: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (7)	.34
Adjusted Diluted net earnings per share attributable to Campbell Soup Company*	\$ 2.62

*The sum of individual per share amounts may not add due to rounding.

Net Debt

Management believes that net debt from continuing operations is a non-GAAP measure that provides additional comparisons between the company's financial position at January 26, 2020, and January 27, 2019, and also a useful perspective on the financial condition of the business. Cash and cash equivalents are available to repay outstanding debt upon maturity.

(millions)	January 26, 2020	January 27, 2019
Short-term borrowings	\$ 902	\$ 1,177
Long-term debt	4,919	7,996
Total debt - continuing operations	\$ 5,821	\$ 9,173
Less: Cash and cash equivalents	(58)	(46)
Net debt - continuing operations	\$ 5,763	\$ 9,127

Net Debt to Adjusted EBITDA

Net debt to adjusted EBITDA is net debt divided by adjusted earnings before interest, taxes, depreciation, and amortization. Management believes that net debt to adjusted EBITDA is a useful metric to evaluate the company's financial leverage. Net debt to adjusted EBITDA is not a financial measure under GAAP and may not be defined and calculated by other companies in the same manner.

	(a) Twelve Months Ended	(b) Six Months Ended	(c) Six Months Ended	= (a)-(b)+(c) Trailing Twelve Months
	July 28, 2019	January 27, 2019	January 26, 2020	January 26, 2020
Earnings from continuing operations, as reported	\$ 474	\$ 356	\$ 340	\$ 458
Add: Restructuring charges, implementation costs and other related costs (1)	92	52	27	67
Add: Loss on extinguishment of debt (2)	—	—	57	57
Add (Deduct): Pension settlement (3)	22	—	(8)	14
Add: Divestitures (4)	—	—	41	41
Add: Tax reform (5)	2	2	—	—
Add: Impairment charges (6)	13	—	—	13
Add: Pension and postretirement benefit mark-to-market (7)	93	—	—	93
Adjusted Earnings from continuing operations	\$ 696	\$ 410	\$ 457	\$ 743
Taxes on earnings, as reported	\$ 151	\$ 114	\$ 101	\$ 138
Add: Restructuring charges, implementation costs and other related costs (1)	29	17	9	21
Add: Loss on extinguishment of debt (2)	—	—	18	18
Add (Deduct): Pension settlement (3)	6	—	(3)	3
Add: Divestitures (4)	—	—	23	23
Deduct: Tax reform (5)	(2)	(2)	—	—
Add: Impairment charges (6)	3	—	—	3
Add: Pension and postretirement benefit mark-to-market (7)	29	—	—	29
Adjusted Taxes on earnings	\$ 216	\$ 129	\$ 148	\$ 235
Interest, net, as reported	\$ 354	\$ 181	\$ 226	\$ 399
Deduct: Loss on extinguishment of debt (2)	—	—	(75)	(75)
Adjusted Interest, net	\$ 354	\$ 181	\$ 151	\$ 324
Earnings before interest and taxes, as reported	\$ 979	\$ 651	\$ 667	\$ 995
Add: Restructuring charges, implementation costs and other related costs (1)	121	69	36	88
Add (Deduct): Pension settlement (3)	28	—	(11)	17
Add: Divestitures (4)	—	—	64	64
Add: Impairment charges (6)	16	—	—	16
Add: Pension and postretirement benefit mark-to-market (7)	122	—	—	122
Adjusted Earnings before interest and taxes	\$ 1,266	\$ 720	\$ 756	\$ 1,302
Depreciation and amortization, as reported	\$ 446	\$ 241	\$ 162	\$ 367
Add (Deduct): Restructuring charges, implementation costs and other related costs (1)	(18)	(21)	(2)	1
Deduct: Depreciation and amortization, discontinued operations	(83)	(54)	—	(29)
Adjusted Depreciation and amortization from continuing operations	\$ 345	\$ 166	\$ 160	\$ 339
Adjusted Earnings before interest, taxes, depreciation and amortization	\$ 1,611	\$ 886	\$ 916	\$ 1,641
Net debt				\$ 5,763
Net debt to Adjusted EBITDA				3.5