

Reconciliation of GAAP to Non-GAAP Financial Measures
First Quarter Ended November 1, 2015

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.

Organic Net Sales

The company believes that organic net sales, which exclude the impact of currency and acquisitions, improves the comparability of year-to-year results. A reconciliation of net sales as reported to organic net sales follows.

Three Months Ended								
November 1, 2015					November 2, 2014	% Change		
(millions)	Net Sales, as Reported	Impact of Currency	Impact of Acquisitions	Organic Net Sales	Net Sales, as Reported	Net Sales, as Reported	Organic Net Sales	
Americas Simple Meals and Beverages	\$ 1,302	\$ 22	\$ —	\$ 1,324	\$ 1,333			(1)%
Global Biscuits and Snacks	652	54	—	706	691			2%
Campbell Fresh	249	—	(26)	223	231			(3)%
Total Net Sales	\$ 2,203	\$ 76	\$ (26)	\$ 2,253	\$ 2,255			(2)%

Items Impacting Gross Margin and Earnings

The company believes that financial information excluding certain items that are not considered to be part of the ongoing business improves the comparability of year-to-year results. Consequently, the company believes that investors may be able to better understand its gross margin and earnings results excluding these transactions.

The following items impacted gross margin and/or earnings:

- (1) In 2016, the company changed the method of accounting for the recognition of actuarial gains and losses for defined benefit pension and postretirement plans and the calculation of expected return on pension plan assets. Historically, actuarial gains and losses associated with benefit obligations were recognized in Accumulated other comprehensive loss in the Consolidated Balance Sheets and were amortized into earnings over the remaining service life of participants to the extent that the amounts were in excess of a corridor. Under the new policy, gains and losses will be recognized immediately in the Consolidated Statements of Earnings as of the measurement date, which is typically the end of the fiscal year, or more frequently if an interim remeasurement is required. In addition, the company will no longer use a market-related value of plan assets, which is an average value, to determine the expected return on assets but rather will use the fair value of plan assets. The company excludes the impact of the mark-to-market adjustments resulting from these accounting changes in evaluating performance. These changes in accounting policy have been retrospectively applied to all periods presented. In the first quarter of 2016, the company incurred non-cash pre-tax charges of \$128 million in Costs and expenses (\$80 million after tax, or \$.26 per share) due to mark-to-market adjustments. For the full year ended August 2, 2015, the company incurred non-cash pre-tax charges of \$138 million in Costs and expenses (\$87 million after tax, or \$.28 per share) due to mark-to-market adjustments.
- (2) In fiscal 2015, the company implemented a new enterprise design and initiatives to reduce costs and to streamline its organizational structure. In the first quarter of fiscal 2016, the company recorded pre-tax restructuring charges of \$21 million related to these initiatives. The company also incurred pre-tax charges of \$15 million recorded in Administrative expenses related to these initiatives. The aggregate after-tax impact of restructuring charges, implementation costs and other related costs was \$23 million, or \$.07 per share. In the full year fiscal 2015, the company recorded pre-tax restructuring charges of \$102 million related to these initiatives. The company also incurred pre-tax charges of \$22 million recorded in Administrative expenses related to these initiatives. The aggregate after-tax impact of restructuring charges and implementation costs was \$78 million, or \$.25 per share.

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

(millions, except per share amounts)	Three Months Ended					Percent Change
	November 1, 2015				November 2, 2014	
	As reported	Mark-to-market (1)	Other (2)	Adjusted	As reported	
Gross margin	\$ 755	\$ 79	\$ —	\$ 834	\$ 795	5%
Gross margin percentage				37.9%	35.3%	
Marketing and selling expenses	226	(20)	—	206	243	
Administrative expenses	156	(21)	(15)	120	131	
Research and development expenses	32	(8)	—	24	28	
Other expenses	5	—	—	5	4	
Restructuring charges	21	—	(21)	—	—	
Earnings before interest and taxes	\$ 315	\$ 128	\$ 36	\$ 479	\$ 389	23%
Interest, net	28	—	—	28	25	
Earnings before taxes	\$ 287	\$ 128	\$ 36	\$ 451	\$ 364	
Taxes	93	48	13	154	116	
Effective income tax rate				34.1%	31.9%	
Net earnings attributable to Campbell Soup Company	\$ 194	\$ 80	\$ 23	\$ 297	\$ 248	20%
Diluted net earnings per share attributable to Campbell Soup Company	\$.62	\$.26	\$.07	\$.95	\$.78	22%

(millions, except per share amounts)	Year Ended August 2, 2015
Gross margin, as reported	\$ 2,782
Add: Pension and postretirement benefit mark-to-market adjustments (1)	80
Adjusted Gross margin	\$ 2,862
Adjusted Gross margin percentage	35.4%
Earnings before interest and taxes, as reported	\$ 1,054
Add: Total pension and postretirement benefit mark-to-market adjustments (1)	138
Add: Restructuring charges and implementation costs (2)	124
Adjusted Earnings before interest and taxes	\$ 1,316
Interest, net, as reported	\$ 105
Adjusted Earnings before taxes	\$ 1,211
Taxes on earnings, as reported	\$ 283
Add: Tax benefit from total pension and postretirement benefit mark-to-market adjustments (1)	51
Add: Tax benefit from restructuring charges and implementation costs (2)	46
Adjusted Taxes on earnings	\$ 380
Adjusted effective income tax rate	31.4%
Earnings from continuing operations, as reported	\$ 666
Deduct: Net loss from noncontrolling interests	—
Earnings from continuing operations attributable to Campbell Soup Company, as reported	\$ 666
Add: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (1)	87
Add: Net adjustment from restructuring charges and implementation costs (2)	78
Adjusted Earnings from continuing operations attributable to Campbell Soup Company	\$ 831
Diluted earnings per share - continuing operations attributable to Campbell Soup Company, as reported	\$ 2.13
Add: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (1)	.28
Add: Net adjustment from restructuring charges and implementation costs (2)	.25
Adjusted Diluted earnings per share - continuing operations attributable to Campbell Soup Company*	\$ 2.65

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