

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

	Three Months Ended	
	April 28, 2019	April 29, 2018
Net sales	\$ 2,178	\$ 1,878
Costs and expenses		
Cost of products sold	1,455	1,263
Marketing and selling expenses	245	220
Administrative expenses	165	153
Research and development expenses	26	25
Other expenses / (income)	20	35
Restructuring charges	1	24
Total costs and expenses	1,912	1,720
Earnings before interest and taxes	266	158
Interest, net	91	42
Earnings before taxes	175	116
Taxes on earnings	44	43
Earnings from continuing operations	131	73
Loss from discontinued operations	(47)	(466)
Net earnings (loss)	84	(393)
Net loss attributable to noncontrolling interests	—	—
Net earnings (loss) attributable to Campbell Soup Company	\$ 84	\$ (393)
Per share - basic		
Earnings from continuing operations attributable to Campbell Soup Company	\$.44	\$.24
Loss from discontinued operations	(.16)	(1.55)
Net earnings (loss) attributable to Campbell Soup Company	\$.28	\$ (1.31)
Dividends	\$.35	\$.35
Weighted average shares outstanding - basic	301	301
Per share - assuming dilution		
Earnings from continuing operations attributable to Campbell Soup Company	\$.43	\$.24
Loss from discontinued operations	(.16)	(1.55)
Net earnings (loss) attributable to Campbell Soup Company*	\$.28	\$ (1.31)
Weighted average shares outstanding - assuming dilution	302	301

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

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

	Nine Months Ended	
	April 28, 2019	April 29, 2018
Net sales	\$ 7,129	\$ 5,743
Costs and expenses		
Cost of products sold	4,781	3,624
Marketing and selling expenses	738	645
Administrative expenses	492	444
Research and development expenses	74	79
Other expenses / (income)	13	(7)
Restructuring charges	21	58
Total costs and expenses	6,119	4,843
Earnings before interest and taxes	1,010	900
Interest, net	276	104
Earnings before taxes	734	796
Taxes on earnings	184	106
Earnings from continuing operations	550	690
Loss from discontinued operations	(331)	(523)
Net earnings	219	167
Net loss attributable to noncontrolling interests	—	—
Net earnings attributable to Campbell Soup Company	\$ 219	\$ 167
Per share - basic		
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1.83	\$ 2.29
Loss from discontinued operations	(1.10)	(1.74)
Net earnings attributable to Campbell Soup Company	\$.73	\$.55
Dividends	\$ 1.05	\$ 1.05
Weighted average shares outstanding - basic	301	301
Per share - assuming dilution		
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1.82	\$ 2.28
Loss from discontinued operations	(1.10)	(1.73)
Net earnings attributable to Campbell Soup Company*	\$.73	\$.55
Weighted average shares outstanding - assuming dilution	302	302

*The sum of the 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>April 28, 2019</u>	<u>April 29, 2018</u>	
<u>Sales</u>			
Contributions:			
Meals and Beverages	\$ 1,024	\$ 1,033	(1)%
Global Biscuits and Snacks	1,154	843	37%
Corporate	—	2	n/m
Total sales	<u>\$ 2,178</u>	<u>\$ 1,878</u>	16%
<u>Earnings</u>			
Contributions:			
Meals and Beverages	\$ 207	\$ 218	(5)%
Global Biscuits and Snacks	139	121	15%
Total operating earnings	<u>346</u>	<u>339</u>	2%
Corporate	(79)	(157)	
Restructuring charges	<u>(1)</u>	<u>(24)</u>	
Earnings before interest and taxes	<u>266</u>	<u>158</u>	68%
Interest, net	91	42	
Taxes on earnings	<u>44</u>	<u>43</u>	
Earnings from continuing operations	<u>131</u>	<u>73</u>	
Loss from discontinued operations	<u>(47)</u>	<u>(466)</u>	
Net earnings (loss)	<u>84</u>	<u>(393)</u>	121%
Net loss attributable to noncontrolling interests	—	—	
Net earnings (loss) attributable to Campbell Soup Company	<u>\$ 84</u>	<u>\$ (393)</u>	121%
Per share - assuming dilution			
Earnings from continuing operations attributable to Campbell Soup Company	\$.43	\$.24	
Loss from discontinued operations	(.16)	(1.55)	
Net earnings (loss) attributable to Campbell Soup Company*	<u>\$.28</u>	<u>\$ (1.31)</u>	121%

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

n/m - not meaningful

Beginning in fiscal 2019, the business in Latin America is managed as part of the Meals and Beverages segment. In fiscal 2018, the business in Latin America was managed as part of the Global Biscuits and Snacks segment. On April 12, 2019, the company announced it had signed a definitive agreement for the sale of Bolthouse Farms. 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 now reported in Meals and Beverages. 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>Nine Months Ended</u>		Percent Change
	<u>April 28, 2019</u>	<u>April 29, 2018</u>	
<u>Sales</u>			
Contributions:			
Meals and Beverages	\$ 3,513	\$ 3,501	—%
Global Biscuits and Snacks	3,615	2,239	61%
Corporate	1	3	n/m
Total sales	<u>\$ 7,129</u>	<u>\$ 5,743</u>	24%
<u>Earnings</u>			
Contributions:			
Meals and Beverages	\$ 753	\$ 832	(9)%
Global Biscuits and Snacks	478	375	27%
Total operating earnings	<u>1,231</u>	<u>1,207</u>	2%
Corporate	(200)	(249)	
Restructuring charges	<u>(21)</u>	<u>(58)</u>	
Earnings before interest and taxes	<u>1,010</u>	900	12%
Interest, net	276	104	
Taxes on earnings	<u>184</u>	106	
Earnings from continuing operations	<u>550</u>	<u>690</u>	
Loss from discontinued operations	<u>(331)</u>	<u>(523)</u>	
Net earnings	<u>219</u>	<u>167</u>	31%
Net loss attributable to noncontrolling interests	—	—	
Net earnings attributable to Campbell Soup Company	<u>\$ 219</u>	<u>\$ 167</u>	31%
Per share - assuming dilution			
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1.82	\$ 2.28	
Loss from discontinued operations	<u>(1.10)</u>	<u>(1.73)</u>	
Net earnings attributable to Campbell Soup Company*	<u>\$.73</u>	<u>\$.55</u>	33%

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

n/m - not meaningful

Beginning in fiscal 2019, the business in Latin America is managed as part of the Meals and Beverages segment. In fiscal 2018, the business in Latin America was managed as part of the Global Biscuits and Snacks segment. On April 12, 2019, the company announced it had signed a definitive agreement for the sale of Bolthouse Farms. 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 now reported in Meals and Beverages. Prior periods have been adjusted retrospectively to reflect these changes.

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

	April 28, 2019	April 29, 2018
Current assets	\$ 1,941	\$ 2,076
Current assets of discontinued operations	220	253
Plant assets, net	2,769	2,765
Intangible assets, net	8,289	8,497
Other assets	203	178
Noncurrent assets of discontinued operations	346	797
Total assets	\$ 13,768	\$ 14,566
Current liabilities	\$ 3,411	\$ 3,276
Current liabilities of discontinued operations	100	127
Long-term debt	7,507	8,080
Other liabilities	1,509	1,668
Noncurrent liabilities of discontinued operations	4	4
Total equity	1,237	1,411
Total liabilities and equity	\$ 13,768	\$ 14,566
Total debt	\$ 9,280	\$ 9,843
Cash and cash equivalents	\$ 202	\$ 195

On April 12, 2019, the company announced it had signed a definitive agreement for the sale of Bolthouse Farms. The assets and liabilities of the business were reported as assets and liabilities of discontinued operations as of April 28, 2019 and April 29, 2018. 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 were reported as assets and liabilities of discontinued operations as of April 29, 2018.

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

	Nine Months Ended	
	April 28, 2019	April 29, 2018
Cash flows from operating activities:		
Net earnings	\$ 219	\$ 167
Adjustments to reconcile net earnings to operating cash flow		
Impairment charges	360	694
Restructuring charges	22	59
Stock-based compensation	45	48
Noncurrent income taxes	—	52
Amortization of inventory fair value adjustment from acquisition	—	37
Pension and postretirement benefit income	(16)	(48)
Depreciation and amortization	349	266
Deferred income taxes	50	(192)
Losses on sales of discontinued operations businesses	18	—
Other, net	21	10
Changes in working capital, net of acquisitions and divestitures		
Accounts receivable	(63)	(18)
Inventories	156	50
Prepaid assets	(19)	(84)
Accounts payable and accrued liabilities	60	26
Other	(54)	(43)
Net cash provided by operating activities	<u>1,148</u>	<u>1,024</u>
Cash flows from investing activities:		
Purchases of plant assets	(274)	(223)
Purchases of route businesses	(27)	(5)
Sales of route businesses	29	5
Businesses acquired, net of cash acquired	(18)	(6,773)
Sales of discontinued operations businesses, net of cash divested	54	—
Other, net	14	(12)
Net cash used in investing activities	<u>(222)</u>	<u>(7,008)</u>
Cash flows from financing activities:		
Short-term borrowings	4,681	7,811
Short-term repayments	(4,995)	(7,577)
Long-term borrowings	—	6,200
Long-term repayments	(300)	(43)
Dividends paid	(318)	(321)
Treasury stock purchases	—	(86)
Payments related to tax withholding for stock-based compensation	(8)	(23)
Repurchase of noncontrolling interest	—	(47)
Payments of debt issuance costs	(1)	(49)
Net cash provided by (used in) financing activities	<u>(941)</u>	<u>5,865</u>
Effect of exchange rate changes on cash	(5)	(1)
Net change in cash and cash equivalents	<u>(20)</u>	<u>(120)</u>
Cash and cash equivalents — beginning of period	218	314
Cash balance of discontinued operations — beginning of period	8	5
Cash balance of discontinued operations — end of period	(4)	(4)
Cash and cash equivalents — end of period	<u>\$ 202</u>	<u>\$ 195</u>

Reconciliation of GAAP to Non-GAAP Financial Measures
Third Quarter Ended April 28, 2019

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. In the third quarter of fiscal 2019, the results of the Campbell Fresh segment are reported as discontinued operations. As this is the first quarter presenting the segment as discontinued operations, we have provided certain combined financial measures of continuing operations and discontinued operations to facilitate comparison of the company's historical operating results.

Organic Net Sales

Organic net sales are net sales excluding the impact of currency and acquisitions. 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 and combined net sales follows.

Three Months Ended								
(millions)	April 28, 2019				April 29, 2018	% Change		
	Net Sales, as Reported	Impact of Currency	Impact of Acquisitions	Organic Net Sales	Net Sales, as Reported	Net Sales, as Reported	Organic Net Sales	
Meals and Beverages	\$ 1,024	\$ 5	\$ —	\$ 1,029	\$ 1,033	(1)%	—%	
Global Biscuits and Snacks	1,154	18	(318)	854	843	37%	1%	
Corporate	—	—	—	—	2	n/m	n/m	
Total Net Sales	\$ 2,178	\$ 23	\$ (318)	\$ 1,883	\$ 1,878	16%	—%	
Net Sales included in discontinued operations	\$ 210				\$ 247			
Combined Net Sales	\$ 2,388				\$ 2,125	12%		

Nine Months Ended								
(millions)	April 28, 2019				April 29, 2018	% Change		
	Net Sales, as Reported	Impact of Currency	Impact of Acquisitions	Organic Net Sales	Net Sales, as Reported	Net Sales, as Reported	Organic Net Sales	
Meals and Beverages	\$ 3,513	\$ 17	\$ (100)	\$ 3,430	\$ 3,501	—%	(2)%	
Global Biscuits and Snacks	3,615	50	(1,401)	2,264	2,239	61%	1%	
Corporate	1	—	—	1	3	n/m	n/m	
Total Net Sales	\$ 7,129	\$ 67	\$ (1,501)	\$ 5,695	\$ 5,743	24%	(1)%	
Net Sales included in discontinued operations	\$ 666				\$ 723			
Combined Net Sales	\$ 7,795				\$ 6,466	21%		

n/m - not meaningful

Items Impacting Earnings

The company 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, the company believes that investors may be able to better understand its results excluding these items.

The following items impacted earnings:

- (1) In fiscal 2015, the company implemented initiatives to reduce costs and to streamline its organizational structure. In fiscal 2017, the company expanded these cost savings initiatives by further optimizing its supply chain network, primarily in North America, continuing to evolve its operating model to drive efficiencies, and more fully integrating its recent acquisitions. In January 2018, as part of the expanded initiatives, the company authorized additional costs to improve the operational efficiency of its thermal supply chain network in North America by closing its manufacturing facility in Toronto, Ontario, and to optimize its information technology infrastructure by migrating certain applications to the latest cloud technology platform. In August 2018, the company announced that it will continue to streamline its organization, expand its zero-based budgeting efforts and optimize its manufacturing network. In fiscal 2019, the company began to include costs associated with the Snyder's-Lance cost transformation program and integration with these initiatives.

In the third quarter of fiscal 2019, the company recorded Restructuring charges of \$1 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 \$15 million after tax, or \$.05 per share) in Earnings from continuing operations related to these initiatives. In the nine-month period of fiscal 2019, the company recorded Restructuring charges of \$21 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 \$67 million after tax, or \$.22 per share) in Earnings from continuing operations related to these initiatives. The company also recorded a \$1 million pre-tax and after-tax charge in Earnings from discontinued operations related to these initiatives. In the third quarter of fiscal 2018, the company recorded Restructuring charges of \$14 million and implementation costs and other related costs of \$29 million in Administrative expenses, \$14 million in Cost of products sold, and \$2 million in Marketing and selling expenses (aggregate impact of \$45 million after tax, or \$.15 per share) in Earnings from continuing operations related to these initiatives. The company also recorded a \$1 million pre-tax charge in Earnings from discontinued operations related to these initiatives. In the nine-month period of fiscal 2018, the company recorded Restructuring charges of \$48 million and implementation costs and other related costs of \$67 million in Administrative expenses, \$20 million in Cost of products sold, and \$2 million in Marketing and selling expenses (aggregate impact of \$102 million after tax, or \$.34 per share) in Earnings from continuing operations related to these initiatives. The company also recorded a \$2 million charge (\$1 million after tax) in Earnings from discontinued operations related to these initiatives. For the year ended July 29, 2018, the company recorded Restructuring charges of \$48 million and implementation costs and other related costs of \$87 million in Administrative expenses, \$45 million in Cost of products sold, and \$3 million in Marketing and selling expenses (aggregate impact of \$135 million after tax, or \$.45 per share) in Earnings from continuing operations related to these initiatives. The company also recorded a \$2 million charge (\$1 million after tax) in Earnings from discontinued operations related to these initiatives.

- (2) In the second quarter of fiscal 2019, interim impairment assessments were performed on the intangible and tangible assets within Campbell Fresh, which includes 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, of which \$115 million was recorded in Cost of products sold and \$231 million in Other expenses / (income), (\$264 million after tax, or \$.88 per share). In the first quarter of fiscal 2019, the company recorded a non-cash impairment charge of \$14 million in Cost of products sold (\$11 million after tax, or \$.04 per share) on its U.S. refrigerated soup plant assets. For the nine-month period of fiscal 2019, the total non-cash impairment charges recorded were \$360 million, of which \$129 million was recorded in Cost of products sold and \$231 million in Other expenses / (income), (\$275 million after tax, or \$.91 per share).

In the third quarter of fiscal 2018, the company performed interim impairment assessments within Campbell Fresh on the deli reporting unit, which includes Garden Fresh Gourmet and the U.S. refrigerated soup business, and the Bolthouse Farms refrigerated beverages and salad dressings reporting unit. Within the deli unit, the company revised its long-term outlook due to the anticipated loss of refrigerated soup business with certain private label customers, as well as the performance of the business. In addition, the operating performance of the Bolthouse Farms refrigerated beverages and salad dressings reporting unit was below expectations. The company revised its long-term outlook for future earnings and cash flows for each of these reporting units. The company recorded a non-cash impairment charge

of \$11 million on the tangible assets and \$94 million on the intangible assets (\$80 million after tax, or \$.27 per share) of the deli reporting unit, and a non-cash impairment charge of \$514 million (\$417 million after tax, or \$1.39 per share) related to the intangible assets of the Bolthouse Farms refrigerated beverages and salad dressings reporting unit. The aggregate impact of the impairment charges was \$619 million, of which \$11 million was recorded in Cost of products sold and \$608 million in Other expenses / (income), (\$497 million after tax, or \$1.65 per share).

In the second quarter of fiscal 2018, the company performed an interim impairment assessment on the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit as operating performance was below expectations. The company revised its outlook for future earnings and cash flows and recorded a non-cash impairment charge of \$75 million in Other expenses / (income) (\$74 million after tax, or \$.25 per share).

In the nine-month period of fiscal 2018 and for the year ended July 29, 2018, the total non-cash impairment charges recorded were \$694 million, of which \$11 million was recorded in Cost of products sold and \$683 million in Other expenses / (income), (\$571 million after tax, or \$1.89 per share).

These impairment charges were all recorded in Earnings from discontinued operations.

In the fourth quarter of fiscal 2018, the company performed an impairment assessment on the *Plum* trademark. In fiscal 2018, sales and operating performance were well below expectations due in part to competitive pressure and reduced margins. In the fourth quarter of fiscal 2018, as part of a strategic review initiated by a new leadership team and based on recent performance, the company lowered its long-term outlook for future sales. The company recorded a non-cash impairment charge of \$54 million (\$41 million after tax, or \$.14 per share) in Earnings from continuing operations in Other expenses / (income).

- (3) In the first quarter of fiscal 2019, the company announced its intent to divest its international biscuits and snacks operating segment and Campbell Fresh operating segment. In the third quarter of fiscal 2019, the company incurred costs of \$2 million recorded in Administrative expenses (\$1 million after tax) in Earnings from continuing operations associated with the planned divestiture of the international biscuits and snacks operating segment. The company also recorded pre-tax expenses of \$24 million associated with the sale process of the businesses in Campbell Fresh, including losses on the sale of its U.S. refrigerated soup business and Garden Fresh Gourmet. In addition, due to the pending sale of Bolthouse Farms, the company recorded tax expense of \$29 million as deferred tax assets are not realizable. The aggregate impact was \$47 million after tax, or \$.16 per share, in Earnings from discontinued operations. In the nine-month period of fiscal 2019, the company incurred costs of \$7 million recorded in Administrative expenses (\$5 million after tax, or \$.02 per share) in Earnings from continuing operations associated with the planned divestiture of the international biscuits and snacks operating segment. The company also recorded pre-tax expenses of \$31 million associated with the sale process of the businesses in Campbell Fresh, including losses on the sale of its U.S. refrigerated soup business and Garden Fresh Gourmet. In addition, due to the pending sale of Bolthouse Farms, the company recorded tax expense of \$29 million as deferred tax assets are not realizable. The aggregate impact was \$52 million after tax, or \$.17 per share, in Earnings from discontinued operations.
- (4) In the third quarter of fiscal 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) in Earnings from continuing operations associated with a U.S. pension plan. The settlement resulted from the level of lump sum distributions from the plan's assets in 2019.
- (5) In fiscal 2018 and 2019, the company reflected the impact of taxes on the enactment of the Tax Cuts and Jobs Act that was signed into law in December 2017. In the nine-month period of fiscal 2019, the company recorded a tax charge of \$2 million (\$.01 per share) related to a transition tax on unremitted foreign earnings. In the nine-month period of fiscal 2018, the company recorded a tax benefit of \$179 million due to the remeasurement of deferred tax assets and liabilities, and a tax charge of \$59 million related to a transition tax on unremitted foreign earnings. The net impact was a tax benefit of \$120 million (\$.40 per share). For the year ended July 29, 2018, the company recorded a tax benefit of \$179 million due to the remeasurement of deferred tax assets and liabilities, and a tax charge of \$53 million related to the transition tax on unremitted foreign earnings. The net impact was a tax benefit of \$126 million (\$.42 per share). These charges and benefits were all recorded in Earnings from continuing operations.
- (6) In the nine-month period of fiscal 2018, the company incurred gains of \$14 million in Other expenses / (income) (\$10 million after tax, or \$.03 per share) in Earnings from continuing operations associated with mark-to-market adjustments for defined benefit pension and postretirement plans. For the year ended July 29, 2018, the company incurred gains of \$136 million in Other expenses / (income) (\$103 million after tax, or \$.34 per share) in Earnings from continuing operations associated with mark-to-market and curtailment adjustments for defined benefit pension and postretirement plans.

- (7) In the second quarter of fiscal 2018, the company announced its intent to acquire Snyder's-Lance, Inc. and on March 26, 2018, the acquisition closed. In the third quarter of fiscal 2018, the company incurred transaction costs of \$29 million recorded in Other expenses / (income), \$37 million in Cost of products sold associated with an acquisition date fair value adjustment for inventory, and recorded a gain in Interest expense of \$18 million on treasury rate lock contracts used to hedge the planned financing of the acquisition. The company also incurred integration costs in association with its cost savings initiatives, of which \$10 million was recorded in Restructuring charges and \$6 million in Administrative expenses. The aggregate impact was \$64 million, \$46 million after tax, or \$.15 per share. In the nine-month period of fiscal 2018, the company incurred transaction costs of \$53 million in Other expenses / (income), \$37 million in Cost of products sold and a gain in Interest expense of \$18 million on the treasury rate lock contracts. The company also incurred integration costs in association with its cost savings initiatives, of which \$10 million was recorded in Restructuring charges and \$6 million in Administrative expenses. The aggregate impact was \$88 million, \$65 million after tax, or \$.22 per share. For the year ended July 29, 2018, the company incurred transaction costs of \$53 million recorded in Other expenses / (income), \$42 million in Cost of products sold and a gain in Interest expense of \$18 million on the treasury rate lock contracts. The company also incurred integration costs in association with its cost savings initiatives, of which \$13 million was recorded in Restructuring charges and \$12 million in Administrative expenses. The aggregate impact was \$102 million, \$73 million after tax, or \$.24 per share. These costs were all recorded in Earnings from continuing operations.
- (8) In the third quarter of fiscal 2018, the company recorded a loss of \$22 million in Other expenses / (income) (\$15 million after tax, or \$.05 per share) in Earnings from continuing operations from a settlement of a legal claim.

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
	April 28, 2019			April 29, 2018			
	As reported	Adjustments ^(a)	Adjusted	As reported	Adjustments ^(a)	Adjusted	
Gross margin	\$ 723	\$ 4	\$ 727	\$ 615	\$ 51	\$ 666	9%
Gross margin percentage	33.2%		33.4%	32.7%		35.5%	
Marketing and selling expenses	245	(2)	243	220	(2)	218	
Administrative expenses	165	(14)	151	153	(35)	118	
Research and development expenses	26	(1)	25	25	—	25	
Other expenses / (income)	20	(28)	(8)	35	(51)	(16)	
Restructuring charges	1	(1)	—	24	(24)	—	
Earnings before interest and taxes	\$ 266	\$ 50	\$ 316	\$ 158	\$ 163	\$ 321	(2)%
Interest, net	91	—	91	42	18	60	
Earnings before taxes	\$ 175	\$ 50	\$ 225	\$ 116	\$ 145	\$ 261	
Taxes	44	12	56	43	39	82	
Effective income tax rate	25.1%		24.9%	37.1%		31.4%	
Earnings from continuing operations	\$ 131	\$ 38	\$ 169	\$ 73	\$ 106	\$ 179	(6)%
Earnings (loss) from discontinued operations	(47)	47	—	(466)	497	31	n/m
Net earnings (loss) attributable to Campbell Soup Company	\$ 84	\$ 85	\$ 169	\$ (393)	\$ 603	\$ 210	(20)%
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.43	\$.13	\$.56	\$.24	\$.35	\$.59	(5)%
Diluted earnings (loss) per share - discontinued operations	(.16)	.16	—	(1.55)	1.65	.10	n/m
Diluted net earnings (loss) per share attributable to Campbell Soup Company*	\$.28	\$.28	\$.56	\$ (1.31)	\$ 2.00	\$.70	(20)%

^(a)See following tables for additional information.

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

n/m - not meaningful

Three Months Ended

April 28, 2019

(millions, except per share amounts)	Restructuring charges, implementation costs and other related costs (1)	Costs associated with planned divestitures (3)	Pension settlement (4)	Adjustments
Gross margin	\$ 4	\$ —	\$ —	\$ 4
Marketing and selling expenses	(2)	—	—	(2)
Administrative expenses	(12)	(2)	—	(14)
Research and development expenses	(1)	—	—	(1)
Other expenses / (income)	—	—	(28)	(28)
Restructuring charges	(1)	—	—	(1)
Earnings before interest and taxes	\$ 20	\$ 2	\$ 28	\$ 50
Interest, net	—	—	—	—
Earnings before taxes	\$ 20	\$ 2	\$ 28	\$ 50
Taxes	5	1	6	12
Earnings from continuing operations	\$ 15	\$ 1	\$ 22	\$ 38
Earnings from discontinued operations	—	47	—	47
Net earnings attributable to Campbell Soup Company	\$ 15	\$ 48	\$ 22	\$ 85
Diluted earnings per share - continuing operations attributable to Campbell Soup Company*	\$.05	\$ —	\$.07	\$.13
Diluted earnings per share - discontinued operations	—	.16	—	.16
Diluted net earnings per share attributable to Campbell Soup Company*	\$.05	\$.16	\$.07	\$.28

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

Three Months Ended

April 29, 2018

(millions, except per share amounts)	Restructuring charges, implementation costs and other related costs (1)	Impairment charges (2)	Transaction and integration costs (7)	Claim settlement (8)	Adjustments
Gross margin	\$ 14	\$ —	\$ 37	\$ —	\$ 51
Marketing and selling expenses	(2)	—	—	—	(2)
Administrative expenses	(29)	—	(6)	—	(35)
Other expenses / (income)	—	—	(29)	(22)	(51)
Restructuring charges	(14)	—	(10)	—	(24)
Earnings before interest and taxes	\$ 59	\$ —	\$ 82	\$ 22	\$ 163
Interest, net	—	—	18	—	18
Earnings before taxes	\$ 59	\$ —	\$ 64	\$ 22	\$ 145
Taxes	14	—	18	7	39
Earnings from continuing operations	\$ 45	\$ —	\$ 46	\$ 15	\$ 106
Earnings from discontinued operations	—	497	—	—	497
Net earnings attributable to Campbell Soup Company	\$ 45	\$ 497	\$ 46	\$ 15	\$ 603
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.15	\$ —	\$.15	\$.05	\$.35
Diluted earnings per share - discontinued operations	—	1.65	—	—	1.65
Diluted net earnings per share attributable to Campbell Soup Company	\$.15	\$ 1.65	\$.15	\$.05	\$ 2.00

Nine Months Ended

	April 28, 2019			April 29, 2018			Adjusted Percent Change
	As reported	Adjustments ^(a)	Adjusted	As reported	Adjustments ^(a)	Adjusted	
(millions, except per share amounts)							
Gross margin	\$ 2,348	\$ 25	\$ 2,373	\$ 2,119	\$ 57	\$ 2,176	9%
Gross margin percentage	32.9%		33.3%	36.9%		37.9%	
Marketing and selling expenses	738	(6)	732	645	(2)	643	
Administrative expenses	492	(42)	450	444	(73)	371	
Research and development expenses	74	(2)	72	79	—	79	
Other expenses / (income)	13	(28)	(15)	(7)	(61)	(68)	
Restructuring charges	21	(21)	—	58	(58)	—	
Earnings before interest and taxes	\$ 1,010	\$ 124	\$ 1,134	\$ 900	\$ 251	\$ 1,151	(1)%
Interest, net	276	—	276	104	18	122	
Earnings before taxes	\$ 734	\$ 124	\$ 858	\$ 796	\$ 233	\$ 1,029	
Taxes	184	28	212	106	181	287	
Effective income tax rate	25.1%		24.7%	13.3%		27.9%	
Earnings from continuing operations	\$ 550	\$ 96	\$ 646	\$ 690	\$ 52	\$ 742	(13)%
Earnings (loss) from discontinued operations	(331)	328	(3)	(523)	572	49	n/m
Net earnings attributable to Campbell Soup Company	\$ 219	\$ 424	\$ 643	\$ 167	\$ 624	\$ 791	(19)%
Diluted earnings per share - continuing operations attributable to Campbell Soup Company*	\$ 1.82	\$.32	\$ 2.14	\$ 2.28	\$.17	\$ 2.46	(13)%
Diluted earnings (loss) per share - discontinued operations	(1.10)	1.09	(.01)	(1.73)	1.89	.16	n/m
Diluted net earnings per share attributable to Campbell Soup Company*	\$.73	\$ 1.40	\$ 2.13	\$.55	\$ 2.07	\$ 2.62	(19)%

^(a)See following tables for additional information.

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

n/m - not meaningful

Nine Months Ended

April 28, 2019

(millions, except per share amounts)	Restructuring charges, implementation costs and other related costs (1)	Impairment charges (2)	Costs associated with planned divestitures (3)	Pension settlement (4)	Tax reform (5)	Adjustments
Gross margin	\$ 25	\$ —	\$ —	\$ —	\$ —	\$ 25
Marketing and selling expenses	(6)	—	—	—	—	(6)
Administrative expenses	(35)	—	(7)	—	—	(42)
Research and development expenses	(2)	—	—	—	—	(2)
Other expenses / (income)	—	—	—	(28)	—	(28)
Restructuring charges	(21)	—	—	—	—	(21)
Earnings before interest and taxes	\$ 89	\$ —	\$ 7	\$ 28	\$ —	\$ 124
Interest, net	—	—	—	—	—	—
Earnings before taxes	\$ 89	\$ —	\$ 7	\$ 28	\$ —	\$ 124
Taxes	22	—	2	6	(2)	28
Earnings from continuing operations	\$ 67	\$ —	\$ 5	\$ 22	\$ 2	\$ 96
Earnings from discontinued operations	1	275	52	—	—	328
Net earnings attributable to Campbell Soup Company	\$ 68	\$ 275	\$ 57	\$ 22	\$ 2	\$ 424
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.22	\$ —	\$.02	\$.07	\$.01	\$.32
Diluted earnings per share - discontinued operations*	—	.91	.17	—	—	1.09
Diluted net earnings per share attributable to Campbell Soup Company*	\$.23	\$.91	\$.19	\$.07	\$.01	\$ 1.40

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

Nine Months Ended

April 29, 2018

(millions, except per share amounts)	Restructuring charges, implementation costs and other related costs (1)	Impairment charges (2)	Tax reform (5)	Mark-to-market (6)	Transaction and integration costs (7)	Claim settlement (8)	Adjustments
Gross margin	\$ 20	\$ —	\$ —	\$ —	\$ 37	\$ —	\$ 57
Marketing and selling expenses	(2)	—	—	—	—	—	(2)
Administrative expenses	(67)	—	—	—	(6)	—	(73)
Other expenses / (income)	—	—	—	14	(53)	(22)	(61)
Restructuring charges	(48)	—	—	—	(10)	—	(58)
Earnings before interest and taxes	\$ 137	\$ —	\$ —	\$ (14)	\$ 106	\$ 22	\$ 251
Interest, net	—	—	—	—	18	—	18
Earnings before taxes	\$ 137	\$ —	\$ —	\$ (14)	\$ 88	\$ 22	\$ 233
Taxes	35	—	120	(4)	23	7	181
Earnings from continuing operations	\$ 102	\$ —	\$ (120)	\$ (10)	\$ 65	\$ 15	\$ 52
Earnings from discontinued operations	1	571	—	—	—	—	572
Net earnings attributable to Campbell Soup Company	\$ 103	\$ 571	\$ (120)	\$ (10)	\$ 65	\$ 15	\$ 624
Diluted earnings per share - continuing operations attributable to Campbell Soup Company*	\$.34	\$ —	\$ (.40)	\$ (.03)	\$.22	\$.05	\$.17
Diluted earnings per share - discontinued operations	—	1.89	—	—	—	—	1.89
Diluted net earnings per share attributable to Campbell Soup Company*	\$.34	\$ 1.89	\$ (.40)	\$ (.03)	\$.22	\$.05	\$ 2.07

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

(millions, except per share amounts)	Year Ended July 29, 2018
Gross margin	\$ 2,743
Add: Restructuring charges, implementation costs and other related costs (1)	45
Add: Transaction and integration costs (7)	42
Adjusted Gross margin	\$ 2,830
Adjusted Gross margin percentage	36.6%
Earnings before interest and taxes, as reported	\$ 1,190
Add: Restructuring charges, implementation costs and other related costs (1)	183
Add: Impairment charges (2)	54
Deduct: Total pension and postretirement benefit mark-to-market and curtailment adjustments (6)	(136)
Add: Transaction and integration costs (7)	120
Add: Claim settlement (8)	22
Adjusted Earnings before interest and taxes	\$ 1,433
Interest, net, as reported	\$ 197
Add: Transaction and integration costs (7)	18
Adjusted Interest, net	\$ 215
Adjusted Earnings before taxes	\$ 1,218
Taxes on earnings, as reported	\$ 153
Add: Tax benefit from restructuring charges, implementation costs and other related costs (1)	48
Add: Tax benefit from impairment charges (2)	13
Add: Tax benefit from tax reform (5)	126
Deduct: Tax expense from total pension and postretirement benefit mark-to-market and curtailment adjustments (6)	(33)
Add: Tax benefit from transaction and integration costs (7)	29
Add: Tax benefit from claim settlement (8)	7
Adjusted Taxes on earnings	\$ 343
Adjusted effective income tax rate	28.2%
Earnings from continuing operations, as reported	\$ 840
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	135
Add: Net adjustment from impairment charges (2)	41
Deduct: Net adjustment from tax reform (5)	(126)
Deduct: Net adjustment from total pension and postretirement benefit mark-to-market and curtailment adjustments (6)	(103)
Add: Net adjustment from transaction and integration costs (7)	73
Add: Net adjustment from claim settlement (8)	15
Adjusted Earnings from continuing operations	\$ 875
Loss from discontinued operations, as reported	\$ (579)
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	1
Add: Net adjustment from impairment charges (2)	571
Adjusted Loss from discontinued operations	\$ (7)
Adjusted Net earnings attributable to Campbell Soup Company	\$ 868
Diluted earnings per share - continuing operations attributable to Campbell Soup Company, as reported	\$ 2.78
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	.45
Add: Net adjustment from impairment charges (2)	.14

Deduct: Net adjustment from tax reform (5)	(.42)
Deduct: Net adjustment from total pension and postretirement benefit mark-to-market and curtailment adjustments (6)	(.34)
Add: Net adjustment from transaction and integration costs (7)	.24
Add: Net adjustment from claim settlement (8)	.05
Adjusted Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$ 2.90
Diluted loss per share - discontinued operations, as reported	\$ (1.92)
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	—
Add: Net adjustment from impairment charges (2)	1.89
Adjusted Diluted loss per share - discontinued operations*	\$ (.02)
Diluted net earnings per share attributable to Campbell Soup Company, as reported	\$.86
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	.45
Add: Net adjustment from impairment charges (2)	2.03
Deduct: Net adjustment from tax reform (5)	(.42)
Deduct: Net adjustment from total pension and postretirement benefit mark-to-market and curtailment adjustments (6)	(.34)
Add: Net adjustment from transaction and integration costs (7)	.24
Add: Net adjustment from claim settlement (8)	.05
Adjusted Diluted net earnings per share attributable to Campbell Soup Company*	\$ 2.87

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

Adjusted Gross Margin on a Combined Basis (Continuing Operations and Discontinued Operations)

	Three Months Ended	
	April 28, 2019	April 29, 2018
(millions)		
Adjusted Gross margin - continuing operations	\$ 727	\$ 666
Gross margin - discontinued operations	\$ 28	\$ 3
Add: Impairment charges (2)	—	11
Adjusted Gross margin - discontinued operations	\$ 28	\$ 14
Adjusted Combined Gross margin	\$ 755	\$ 680
Adjusted Combined Gross margin percentage	31.6%	32.0%

Adjusted Earnings Before Interest and Taxes on a Combined Basis (Continuing Operations and Discontinued Operations)

(millions)	Three Months Ended								Adjusted Percent Change
	April 28, 2019			April 29, 2018					
	As reported	Costs associated with planned divestitures (3)	Adjusted	As reported	Restructuring charges, implementation costs and other related costs (1)	Impairment charges (2)	Adjusted		
Earnings (loss) from discontinued operations	\$ (47)	\$ 47	\$ —	\$ (466)	\$ —	\$ 497	\$ 31		
Add (Deduct): Taxes on earnings (loss) from discontinued operations	30	(23)	7	(167)	1	122	(44)		
Add: Interest, net	—	—	—	—	—	—	—		
Earnings (loss) before interest and taxes - discontinued operations	\$ (17)	\$ 24	\$ 7	\$ (633)	\$ 1	\$ 619	\$ (13)		
Earnings before interest and taxes - continuing operations	266		316	158			321		
Combined Earnings before interest and taxes	<u>\$ 249</u>		<u>\$ 323</u>	<u>\$ (475)</u>			<u>\$ 308</u>	5%	

(millions)	Nine Months Ended					
	April 28, 2019					
	As reported	Restructuring charges, implementation costs and other related costs (1)	Impairment charges (2)	Costs associated with planned divestitures (3)	Adjusted	
Earnings (loss) from discontinued operations	\$ (331)	\$ 1	\$ 275	\$ 52	\$ (3)	
Add (Deduct): Taxes on earnings (loss) from discontinued operations	(61)	—	85	(21)	3	
Add: Interest, net	—	—	—	—	—	
Earnings (loss) before interest and taxes - discontinued operations	\$ (392)	\$ 1	\$ 360	\$ 31	\$ —	
Earnings before interest and taxes - continuing operations	1,010				1,134	
Combined Earnings before interest and taxes	<u>\$ 618</u>				<u>\$ 1,134</u>	

(millions)	Nine Months Ended				
	April 29, 2018				
	As reported	Restructuring charges, implementation costs and other related costs (1)	Impairment charges (2)	Adjusted	
Earnings (loss) from discontinued operations	\$ (523)	\$ 1	\$ 571	\$ 49	
Add (Deduct): Taxes on earnings (loss) from discontinued operations	(197)	1	123	(73)	
Add: Interest, net	—	—	—	—	
Earnings (loss) before interest and taxes - discontinued operations	\$ (720)	\$ 2	\$ 694	\$ (24)	
Earnings before interest and taxes - continuing operations	900			1,151	
Combined Earnings before interest and taxes	<u>\$ 180</u>			<u>\$ 1,127</u>	

Adjusted Combined EBIT percentage change Nine Months Ended 2019/2018

1%

	Year Ended			
	July 29, 2018			
(millions)	As reported	Restructuring charges, implementation costs and other related costs (1)	Impairment charges (2)	Adjusted
Earnings (loss) from discontinued operations	\$ (579)	\$ 1	\$ 571	\$ (7)
Add (Deduct): Taxes on earnings (loss) from discontinued operations	(142)	1	123	(18)
Add: Interest, net	—	—	—	—
Earnings (loss) before interest and taxes - discontinued operations	\$ (721)	\$ 2	\$ 694	\$ (25)
Earnings before interest and taxes - continuing operations	1,190			1,433
Combined Earnings before interest and taxes	\$ 469			\$ 1,408