

Reconciliation of GAAP to Non-GAAP Financial Measures
First Quarter Ended October 29, 2017

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.

Organic Net Sales

Organic net sales are net sales excluding the impact of currency. Management believes that excluding this item, which is 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					
	October 29, 2017			October 30, 2016	% Change	
	Net Sales, as Reported	Impact of Currency	Organic Net Sales	Net Sales, as Reported	Net Sales, as Reported	Organic Net Sales
(millions)						
Americas Simple Meals and Beverages	\$ 1,218	\$ (6)	\$ 1,212	\$ 1,278	(5)%	(5)%
Global Biscuits and Snacks	709	(5)	704	690	3%	2%
Campbell Fresh	234	—	234	234	—%	—%
Total Net Sales	\$ 2,161	\$ (11)	\$ 2,150	\$ 2,202	(2)%	(2)%

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 the first quarter of fiscal 2018, the company incurred gains of \$14 million in Other expenses / (income) (\$9 million after tax, or \$.03 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans. In the first quarter of fiscal 2017, the company incurred losses of \$20 million in Other expenses / (income) (\$13 million after tax, or \$.04 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans. For the year ended July 30, 2017, the company incurred gains of \$178 million in Other expenses / (income) (\$116 million after tax, or \$.38 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans.
- (2) In fiscal 2015, the company implemented a new enterprise design and 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 the first quarter of fiscal 2018, the company recorded Restructuring charges of \$2 million and implementation costs and other related costs of \$12 million in Administrative expenses and \$5 million in Cost of products sold (aggregate impact of \$12 million after tax, or \$.04 per share) related to these initiatives. In the first quarter of fiscal 2017, the company recorded Restructuring charges of \$1 million and implementation costs and other related costs of \$8 million in Administrative expenses (aggregate impact of \$6 million after tax, or \$.02 per share) related to these initiatives. For the year ended July 30, 2017, the company recorded Restructuring charges of \$18 million and implementation costs and other related costs of \$36 million in Administrative expenses and \$4 million in Cost of products sold (aggregate impact of \$37 million after tax, or \$.12 per share) related to these initiatives.

- (3) In the second quarter of fiscal 2017, the company performed an interim impairment assessment on the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit and the Garden Fresh Gourmet reporting unit as operating performance was well below expectations and a new leadership team of the Campbell Fresh division initiated a strategic review which led to a revised outlook for future sales, earnings, and cash flow. The company recorded a non-cash impairment charge of \$147 million (\$139 million after tax, or \$.45 per share) related to intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit and a non-cash impairment charge of \$65 million (\$41 million after tax, or \$.13 per share) related to the intangible assets of the Garden Fresh Gourmet reporting unit (aggregate pre-tax impact of \$212 million, \$180 million after tax, or \$.59 per share). The charges were included in Other expenses / (income).
- (4) For the year ended July 30, 2017, the company recorded a tax benefit of \$52 million in Taxes on earnings primarily related to the sale of intercompany notes receivable to a financial institution, which resulted in the recognition of foreign exchange losses on the notes for tax purposes. In addition, the company recorded a \$6 million reduction to interest expense (\$4 million after tax) related to premiums and fees received on the sale of the notes. The aggregate impact was \$56 million after tax, or \$.18 per share.

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
	October 29, 2017			October 30, 2016			
	As reported	Adjustments ^(a)	Adjusted	As reported	Adjustments ^(a)	Adjusted	
Gross margin	\$ 783	\$ 5	\$ 788	\$ 851	\$ —	\$ 851	(7)%
Gross margin percentage	36.2%		36.5%	38.6%		38.6%	
Marketing and selling expenses	219	—	219	230	—	230	
Administrative expenses	149	(12)	137	125	(8)	117	
Research and development expenses	30	—	30	27	—	27	
Other expenses / (income)	(29)	14	(15)	11	(20)	(9)	
Restructuring charges	2	(2)	—	1	(1)	—	
Earnings before interest and taxes	\$ 412	\$ 5	\$ 417	\$ 457	\$ 29	\$ 486	(14)%
Interest, net	30	—	30	28	—	28	
Earnings before taxes	\$ 382	\$ 5	\$ 387	\$ 429	\$ 29	\$ 458	
Taxes	107	2	109	137	10	147	
Effective income tax rate	28.0%		28.2%	31.9%		32.1%	
Net earnings attributable to Campbell Soup Company	\$ 275	\$ 3	\$ 278	\$ 292	\$ 19	\$ 311	(11)%
Diluted net earnings per share attributable to Campbell Soup Company	\$.91	\$.01	\$.92	\$.94	\$.06	\$ 1.00	(8)%

^(a)See following table for additional information.

(millions, except per share amounts)	Three Months Ended					
	October 29, 2017			October 30, 2016		
	Mark-to-market (1)	Restructuring charges, implementation costs and other related costs (2)	Adjustments	Mark-to-market (1)	Restructuring charges, implementation costs and other related costs (2)	Adjustments
Gross margin	\$ —	\$ 5	\$ 5	\$ —	\$ —	\$ —
Marketing and selling expenses	—	—	—	—	—	—
Administrative expenses	—	(12)	(12)	—	(8)	(8)
Research and development expenses	—	—	—	—	—	—
Other expenses / (income)	14	—	14	(20)	—	(20)
Restructuring charges	—	(2)	(2)	—	(1)	(1)
Earnings before interest and taxes	\$ (14)	\$ 19	\$ 5	\$ 20	\$ 9	\$ 29
Interest, net	—	—	—	—	—	—
Earnings before taxes	\$ (14)	\$ 19	\$ 5	\$ 20	\$ 9	\$ 29
Taxes	(5)	7	2	7	3	10
Net earnings attributable to Campbell Soup Company	\$ (9)	\$ 12	\$ 3	\$ 13	\$ 6	\$ 19
Diluted net earnings per share attributable to Campbell Soup Company	\$ (.03)	\$.04	\$.01	\$.04	\$.02	\$.06

(millions, except per share amounts)	Year Ended July 30, 2017
Gross margin, as recast*	\$ 2,925
Add: Restructuring charges, implementation costs and other related costs (2)	4
Adjusted Gross margin	\$ 2,929
Adjusted Gross margin percentage	37.1%
Earnings before interest and taxes, as reported	\$ 1,400
Deduct: Total pension and postretirement benefit mark-to-market adjustments (1)	(178)
Add: Restructuring charges, implementation costs and other related costs (2)	58
Add: Impairment charges (3)	212
Adjusted Earnings before interest and taxes	\$ 1,492
Interest, net, as reported	\$ 107
Add: Sale of notes (4)	6
Adjusted Interest, net	\$ 113
Adjusted Earnings before taxes	\$ 1,379
Taxes on earnings, as reported	\$ 406
Deduct: Tax expense from total pension and postretirement benefit mark-to-market adjustments (1)	(62)
Add: Tax benefit from restructuring charges, implementation costs and other related costs (2)	21
Add: Tax benefit from impairment charges (3)	32
Add: Tax benefit from sale of notes (4)	50
Adjusted Taxes on earnings	\$ 447
Adjusted effective income tax rate	32.4%
Net earnings attributable to Campbell Soup Company, as reported	\$ 887
Deduct: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (1)	(116)
Add: Net adjustment from restructuring charges, implementation costs and other related costs (2)	37
Add: Net adjustment from impairment charges (3)	180
Deduct: Net adjustment from sale of notes (4)	(56)
Adjusted Net earnings attributable to Campbell Soup Company	\$ 932
Diluted net earnings per share attributable to Campbell Soup Company, as reported	\$ 2.89
Deduct: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (1)	(.38)
Add: Net adjustment from restructuring charges, implementation costs and other related costs (2)	.12
Add: Net adjustment from impairment charges (3)	.59
Deduct: Net adjustment from sale of notes (4)	(.18)
Adjusted Diluted net earnings per share attributable to Campbell Soup Company	\$ 3.04

*Reflects the impact of the adoption of new accounting guidance on the presentation of net periodic pension cost and net periodic postretirement benefit cost in the first quarter of fiscal 2018.