



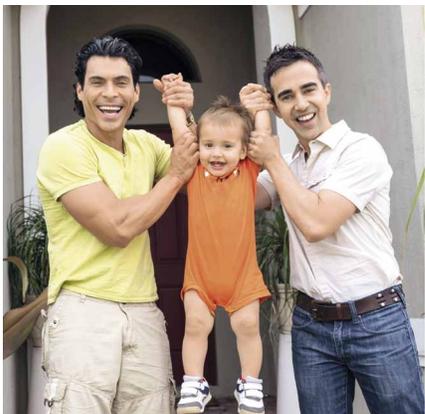
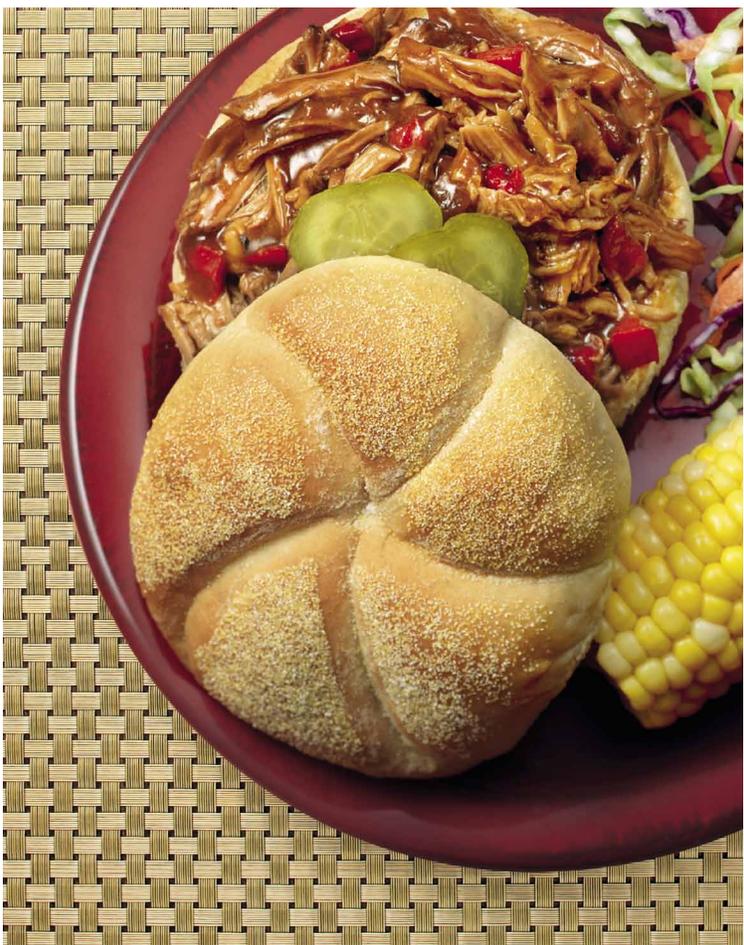
Real food
that matters
for life's moments





THE PATH TO OUR FUTURE

Real food that matters for life's moments is the North Star that will guide us in a changing world. It's a clear and singular purpose ... that will strengthen the connections our company and our brands have in people's lives ... serve as a filter for our decisions ... drive higher performance ... and inspire us as we aspire to become a \$10 billion company by strengthening our core business and expanding into faster-growing spaces.





GROWTH PLATFORMS TO DRIVE GREATER SUCCESS

We've taken action to strengthen our core business and to shift our center of gravity to reshape Campbell for future growth. We continue to diversify our \$8+ billion portfolio beyond our center-store product lines in traditional mass and grocery channels. A step at a time, we've been building our presence in packaged fresh foods and other faster-growing spaces; in strategically important geographies outside of our developed markets; and in channels that will make our products available everywhere consumers shop now and in the future.





Denise M. Morrison
President and
Chief Executive Officer

FELLOW SHAREHOLDERS,

A year ago, I told you that I was optimistic about Campbell's future. Today, I remain confident that our strategy to reshape Campbell by strengthening our core business and expanding into faster-growing spaces is the right course for our company. But I also know that it will take more time than we originally anticipated to achieve our long-term growth targets. Our industry is now in a period of profound change and challenge, and there has been a meaningful slowdown in the performance of the packaged food sector. Including the benefits of recent acquisitions and a 53rd week in the fiscal year, Campbell delivered growth in both sales and adjusted earnings in fiscal 2014, but our results for the year showed the impact of the forces that are transforming the food business. Today, we are engaging with those forces head-on. I believe we are making smart decisions to build a bright future for Campbell and deliver profitable growth for our shareholders.

Seismic Shifts

It is important for our shareholders to be aware of the seismic shifts that are driving powerful changes in consumer behavior with respect to food. First and foremost is the impact of a persistently challenging economic environment. In the United States and other developed markets, lower- and middle-class consumers continue to struggle. The long-awaited rebound from the Great Recession has not brought them meaningful relief, and their purchasing behavior reflects their caution about the future. These consumers continue to demonstrate a pronounced focus on value, and it appears that focus is here to stay. At the same time, from a global standpoint, we are witnessing a dramatic economic realignment — a shrinking middle class in the U.S. and other developed economies, and a burgeoning middle class in developing markets. According to some projections, two-thirds of the global middle class will live in Asia by the year 2030.

We are also seeing a stunning transformation in consumers' food preferences and in their expectations of food manufacturers and retailers. Consumers are demanding greater transparency. They want to know where and how their food is grown and produced, and where food companies stand on issues that are important to them. Across generations and cultures, heightened concern about the impact of diet on health and well-being is fueling the growth of fresh, packaged fresh and organic foods — trends that are driving the expansion of the perimeters of retail stores and adversely affecting center-store categories.

Powerful social and demographic changes are also presenting new challenges for food companies. In addition to the much-discussed impact of the 80 million members of the Millennial generation and now more than 50 million Latinos in the U.S., our industry must respond effectively to the needs of the new American family — a unit that today includes growing numbers of adults-only households, single-person households, single-parent households, multi-cultural households, same-sex households and families with several generations under a single roof. Every one of these families is important, and all of them eat and shop differently than the traditional families on which our industry has focused for so long.

Finally, after a decade of transformational impact on other sectors of the economy, e-commerce is coming to food. Online grocers are changing the game, and traditional retailers are entering the e-commerce fray. Ready or not, our industry must do a much better job of leveraging this expanding channel.

THE FOOD INDUSTRY HAS ARRIVED AT A “NEW NORMAL.”

I believe that, in combination, these forces of change have driven our industry to a tipping point. In the past year, we have seen slower growth across the packaged food sector. We have also seen intensified competition, widespread cost-cutting and continued consolidation, as competitors seek synergies and the advantages of scale. Whether these trends will produce their intended benefits remains to be seen, but overall, there can be little doubt that the food industry has arrived at a “new normal.” At Campbell, we believe that the winners will be companies that adapt successfully to the changes in our universe; provide products that respond to consumers’ evolving needs and values; and operate with a clear and authentic sense of purpose. And I am confident that Campbell will be one of those companies.

Embracing Change

When I became CEO in 2011, Campbell was struggling to adapt to a changing world. Today, we’re embracing change as we continue to diversify our \$8+ billion portfolio beyond our center-store product lines in traditional mass and grocery channels. A step at a time, we are building our presence in packaged fresh and other faster-growing spaces; in strategically important geographies outside of our developed markets; and in channels that will make our products available everywhere consumers shop.

WE BELIEVE THAT THE WINNERS WILL BE COMPANIES THAT ADAPT SUCCESSFULLY TO THE CHANGES IN OUR UNIVERSE ... AND I AM CONFIDENT THAT CAMPBELL WILL BE ONE OF THOSE COMPANIES.

In fiscal 2014, we achieved key milestones in our execution of these strategies. We completed our acquisition of Kelsen Group, which has given us a valuable growth platform for baked snacks in China and Hong Kong. *Plum* became the leading brand of organic baby food in the U.S. in the fourth quarter. We invested in our first marketing programs to build the *Bolthouse Farms* brand and expanded the distribution of Bolthouse products, driving strong sales growth. We divested our slow-growing European simple meals business to focus on growth opportunities in Asia and Latin America, and expanded our sweet biscuit business in Indonesia, a key developing market. We transitioned to a new U.S. network of distributors to drive the availability of our single-serve beverages for immediate consumption, and increased e-commerce programs in key online channels. And we continued to drive consumer-focused innovation, launching more than 200 new products.

Affirming Our Purpose

We also made an important effort in fiscal 2014 to reflect on our company’s purpose, which we’ve expressed in seven words — *Real food that matters for life’s moments*. This purpose will be the compass that guides our decisions as we seek to become a \$10 billion company within the next five years. It affirms our connection to the core values that have inspired trust in Campbell for 145 years, and it bridges us to the priorities of new generations.

Our purpose is based on a set of unwavering beliefs — that food should be delicious, accessible, and affordable; that it has profound power to connect people to each other; and that what we do every day matters ... for the families that depend on our products, for our employees, customers, and communities, and for our shareholders, who expect solid, sustainable returns. These beliefs have helped Campbell’s brands earn a special place in people’s lives. As we reshape our company, they will connect us to our past while illuminating the path to our future.

Fiscal 2014 Results

In fiscal 2014, we were encouraged by the performance of the businesses we acquired in the last two fiscal years as part of our strategy to reshape Campbell's growth trajectory. But we were not satisfied with the performance of our core business. Sales from continuing operations increased 3 percent to \$8.268 billion, benefiting from acquisitions and an additional week in the fiscal year. Organic sales declined 1 percent.* Adjusted earnings per share from continuing operations increased 2 percent to \$2.53.*

In U.S. Simple Meals, we delivered growth in sauces, with higher sales of *Prego* pasta sauces and *Campbell's* dinner sauces. But after growing 5 percent in fiscal 2013, sales declined in U.S. Soup, as growth in *Swanson* broth was more than offset by declines in ready-to-serve and condensed soups amid softer consumption. In Global Baking and Snacking, we saw modest growth at Pepperidge Farm, including continued gains in our *Goldfish* franchise and fresh bakery, and solid growth in Indonesia. As we expected, sales declined in our business in Australia and in our U.S. Beverages business, and we have initiated turnaround plans to reinvigorate both of those businesses.

Looking Ahead

In fiscal 2015, we will take further action to drive growth in our important U.S. Soup portfolio and improve category performance. To do this, we will continue to elevate quality, increase brand-building and drive more innovation, including our first *Campbell's* organic soups. We intend to expand in the premium soup segment, strengthen ready-to-serve soups, and grow our number-one positions in condensed soups and broth. We will also drive growth in Pepperidge Farm by executing against all the drivers of demand, including increased innovation, particularly in the back half of the year. We will revitalize our shelf-stable U.S. Beverages business by leveraging innovation and the powerful equities of the *V8* brand in vegetable nutrition to capitalize on the juicing trend with "affordable juicing." We will also continue to stabilize our Australian business and rejuvenate sales of *Arnott's* biscuits in that key market. In faster-growing spaces, we expect sales to grow in our Bolthouse Farms, Plum and Kelsen businesses as we expand distribution.

Consistent with our long-term strategy, we will focus on four key platforms to continue to drive our expansion into faster-growing spaces: accelerated breakthrough innovation, including continued expansion in dinner sauces and plans to extend the *V8* brand into protein shakes and bars; the pursuit of branded leadership in packaged fresh foods, a growing \$18.6 billion category in which Bolthouse Farms has given us a solid foundation and is now expanding with the launch of *Bolthouse Farms Kids*, an innovative portfolio of healthy snacks for children; expansion in developing markets in Asia and Latin America, building on our footholds in China, Indonesia, Malaysia and Mexico; and increased availability of our products in all channels, including immediate consumption and e-commerce. We will fund our growth by aggressively managing our costs and margins. We will also continue to drive agile decision-making, own our results and attract and retain world-class talent to further diversify our team.

Fiscal 2015 Guidance

In fiscal 2015, we expect to deliver modest growth in sales and adjusted earnings from continuing operations on a 52-week basis, despite a consumer environment that is likely to remain challenging. However, we expect fiscal 2015 growth to be below our long-term targets for annual growth in sales and earnings. We continue to believe that our long-term targets of 3 to 4 percent in organic sales, 4 to 6 percent in adjusted EBIT and 5 to 7 percent in adjusted EPS are achievable, but we recognize that further portfolio reconfiguration, including smart external development, may be required to deliver and sustain growth at this level.

*These amounts are adjusted for certain items not considered to be part of the ongoing business. For a reconciliation of non-GAAP financial measures, see page 15.

Living the “New Normal”

As I enter my fourth year as CEO, our industry is facing potent challenges, and I believe it is essential to balance optimism with realism. Consumers are changing in profound ways. At Campbell, we are putting the consumer first and adapting quickly to the “new normal” of our world. While remaining true to our core beliefs, we have opened our minds to new ways of thinking about our business. We have meaningfully changed the composition of our portfolio and are following through on our commitment to diversify our business into faster-growing spaces. But we know that it will take some time to realize the full promise of our new platforms; that we clearly have more to do; and that we stand at a critical juncture. To win in the long term, food companies will have to embrace change, and lead change. We are doing this at Campbell.

In closing, I want to thank our Board of Directors, the Campbell leadership team, our employees and our shareholders. With your support, I fully expect that Campbell will be one of the winners in our industry as we change our company’s growth trajectory over time and help define the future of real food.

Best,



DENISE M. MORRISON

President and Chief Executive Officer

CHAIRMAN’S MESSAGE



Fiscal 2014 was a challenging year for Campbell, as macroeconomic factors and changing consumer behaviors negatively impacted the company’s performance. As Denise describes in her message, Campbell continued to take steps to reshape its portfolio and lay the foundation for an even more successful future. We know there is more to be done, and remain dedicated to delivering sustainable, profitable long-term growth for our shareholders.

In November, two long-standing directors will be retiring. Edmund M. Carpenter and Charlotte Colket Weber have each served on the Board since 1990. Their fellow directors, our management and shareholders have benefited in so many ways from their wise perspective and special insights across a very broad front. Both will be missed. All other incumbent directors are standing for reelection at the November Annual Meeting, including the newest member of the Board, Marc B. Lautenbach, President and Chief Executive Officer of Pitney Bowes Inc. Marc joined the Board in June 2014 and brings a fresh and relevant perspective as we continue to reshape Campbell for the future.

On behalf of the entire Board and the management team, I would like to thank our shareholders for their continued support.



PAUL R. CHARRON

Chairman of the Board

OUR BRANDS ENCOURAGE PEOPLE TO SAVOR DELICIOUS MOMENTS THAT MATTER IN THEIR LIVES

We're linking the consumer's key moments with our brands and taking action to drive their future growth. We're elevating the consumer experience by enhancing the quality and variety of our products, from *Campbell's* soups to *Prego* sauces, *Goldfish* crackers, *Pepperidge Farm* cookies and *V8* beverages. We're leveraging our culinary expertise and consumer insights to deliver new products that will satisfy people's evolving tastes and needs. We're focused on optimizing all of the drivers of demand. We're positioning our core businesses to delight our millions of loyal consumers while building stronger connections with new generations.

Here's a "souper" idea for people who love organic food. We're launching our first range of *Campbell's* branded organic soups. They'll come in six delicious, ready-to-serve varieties, including Chicken Tortilla, Garden Vegetable and Tomato & Basil.



Campbell's Condensed Chicken Noodle soup is going international. We're introducing varieties like Mexican-Style Chicken Noodle to add a dash of ethnic flavor to an all-time classic. And we're giving fans of *Campbell's Chunky* soup more reasons to cheer by expanding its winning lineup of pub-inspired varieties.



We're expanding in the fast-growing premium soup segment with indulgent new varieties of *Campbell's Slow Kettle Style* soups; these complement our range of *Campbell's Go* soups, which deliver bold flavors in convenient pouch packaging.



Make it delicious with Swanson, the number-one broth in America. *Swanson* embodies the concept of easy, flavorful cooking. Our products feed your culinary creativity.



Moments of joy ... baked with care. That defines Pepperidge Farm, where we continued to grow sales of *Goldfish* crackers and fresh bakery products while launching new varieties of *Milano* and *Dessert Shop* cookies.



Bringing the taste of Italy home. White sauces have propelled the growth of *Prego*, the number-two brand of Italian sauces in the U.S.

Tapping into the “veggie craze” by launching new juices for adults with a thirst for healthy lifestyles. Our V8 varieties include Carrot Mango, Healthy Greens, Golden Goodness and Purple Power. Our innovative V8 V-Fusion energy drinks have delivered strong growth.



(above) Latin American cuisine is full of creative, bright and bold flavor. Our first Latin-inspired *Campbell's* Condensed cooking soups add Latin sazón to a wide variety of family-friendly dishes with authentic flavors like Creamy Poblano & Queso.

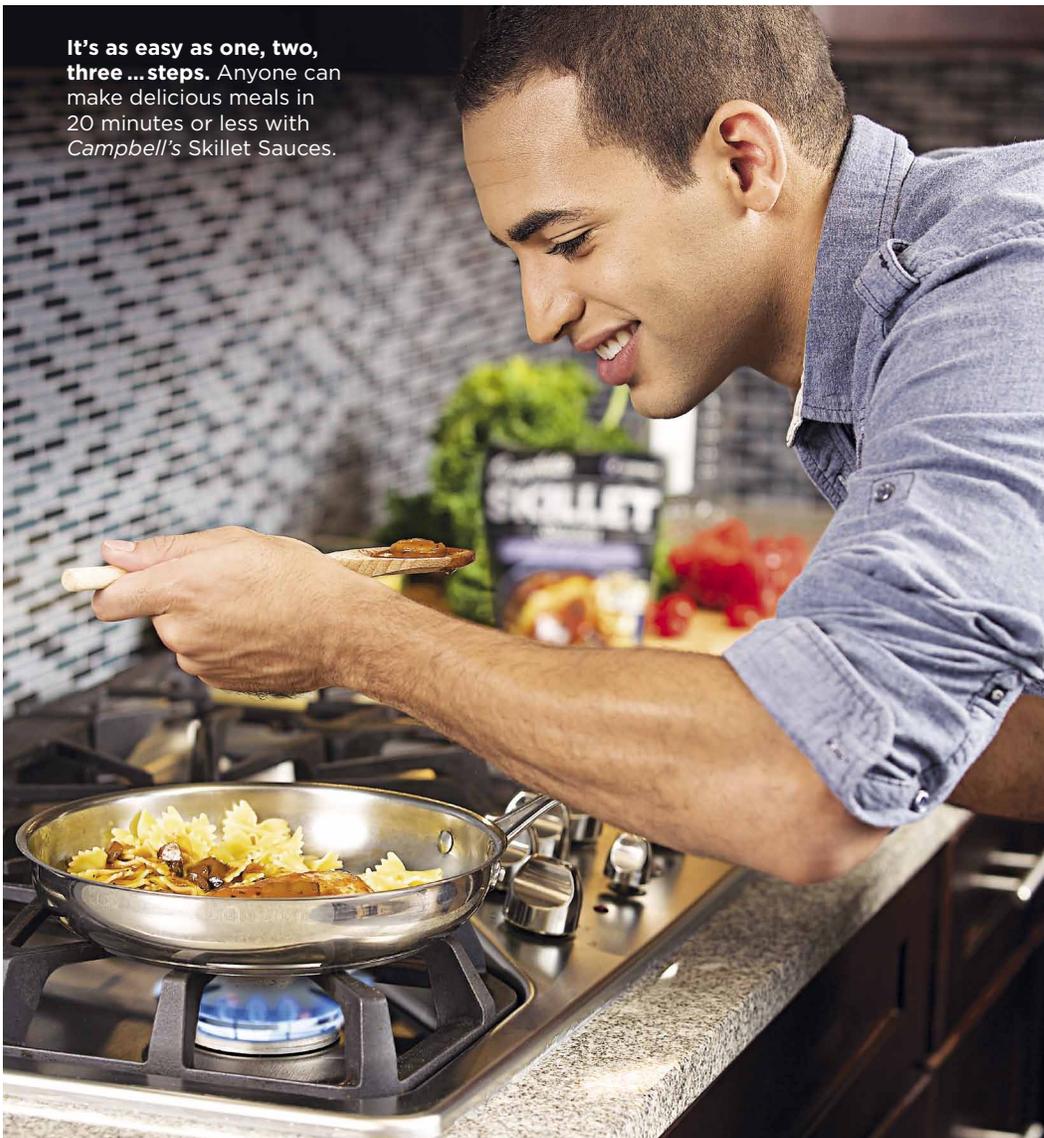
(below) Pace, the number-two brand of Mexican sauces in the U.S., is spicing things up with new fruit salsas and dips.



ACCELERATING INNOVATION TO EXPAND INTO FASTER-GROWING CATEGORIES AND ATTRACT NEW CONSUMERS

Breakthrough innovation is a key to driving growth in our business. So we're turning bold ideas into new products that excite consumers and meet their changing needs. People are preparing more dinners at home and Millennials in particular told us they enjoy convenient meals and real culinary experiences. So we created *Campbell's Skillet Sauces*, followed by *Campbell's Slow Cooker Sauces* and now *Campbell's Oven Sauces*. Offered in pouch packaging, our dinner sauces make it easy to create memorable meals with a few simple ingredients. Campbell is the leader in this rapidly growing category.

It's as easy as one, two, three ...steps. Anyone can make delicious meals in 20 minutes or less with *Campbell's Skillet Sauces*.



We're bringing families together in no time at all with Campbell's Oven Sauces, a simple way to enjoy oven-baked dinners like Classic Roasted Chicken.



Campbell is the leader in the new and growing **\$100M** U.S. dinner sauce category



Extending the V8 brand

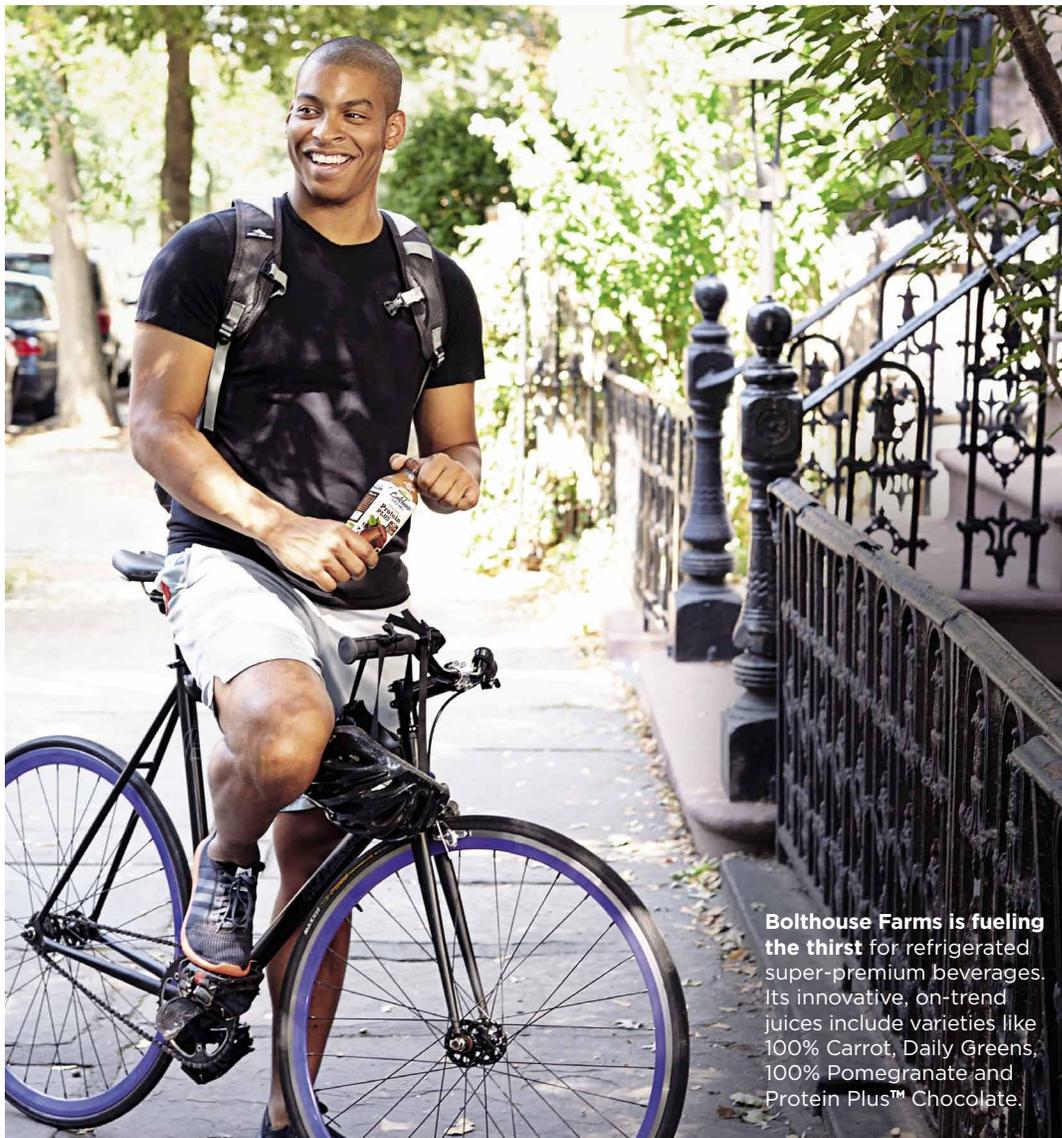


We're introducing V8 Protein shakes and bars to extend the brand into adult on-the-go nutrition. Both are made with vegetables like carrot and sweet potato, and sweetened with ingredients like honey. The shakes feature flavors such as Chocolate, Vanilla and Chocolate Raspberry. The bars will launch in Chocolate Peanut Butter, Chocolate Pomegranate and Oatmeal Raisin varieties.



AIMING TO BECOME A BRANDED LEADER IN PACKAGED FRESH FOODS

Our strategy begins with Bolthouse Farms, our dynamic growth platform in this thriving category. Bolthouse Farms is *Inspiring the Fresh Revolution* with a portfolio that includes fresh, cut-and-peeled baby carrots, super-premium beverages and refrigerated salad dressings. We've introduced *Bolthouse Farms Kids* to meet the demand for healthy beverages and snacks for children. Sales at Bolthouse Farms grew this year as we expanded distribution in new channels and made marketing investments to introduce the brand to millions of new consumers. We're pursuing packaged fresh opportunities in our other businesses, including fresh soups sold at retail and in food service.



Bolthouse Farms is fueling the thirst for refrigerated super-premium beverages. Its innovative, on-trend juices include varieties like 100% Carrot, Daily Greens, 100% Pomegranate and Protein Plus™ Chocolate.

\$18B+

Size of
the U.S.
packaged
fresh foods
category

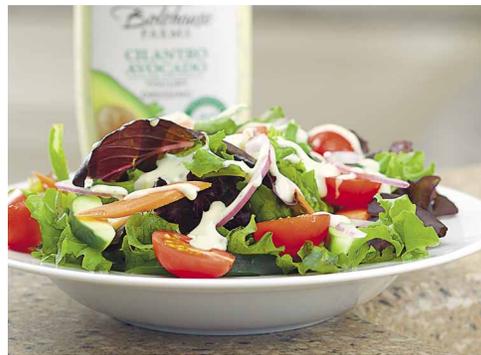




“Eat ‘Em Like Junk Food!” Bolthouse Farms Kids makes healthier snacking fun for children with Veggie Snackers, single-serve packs of fresh baby carrots with natural seasoning, in flavors like Carrot Meets Ranch.



Bolthouse Farms baby carrots are a healthy, nutritious snack when you crave real food that’s crunchy and delicious. They’re farm fresh and grown with care.



Who needs undressed salads? Bolthouse Farms has introduced new yogurt-based salad dressings in varieties such as Cilantro Avocado and Mango Chipotle at just 40 calories per serving.



You can find Bolthouse Farms Kids in the produce aisle, where our new products include 100 percent fruit juice Smoothies and squeezable Fruit Tubes made with no added sugar.

Plum
feed amazing™



Like packaged fresh foods, organic foods are growing in popularity as people seek foods that fit their lifestyles. To build our connection with these consumers, especially Millennial parents, we acquired Plum in June 2013. Founded by parents, Plum is committed to nourishing little ones with the very best foods at the very first bite. Plum is a leading brand of organic baby food in the U.S., and we are expanding its innovative range of organic simple meals and snacks for babies, toddlers and kids.

GROWING OUR INTERNATIONAL BUSINESS IN DEVELOPING MARKETS IN ASIA AND LATIN AMERICA

To accelerate growth, we're expanding in developing markets where there are increasing numbers of middle-class consumers. Our acquisition of Kelsen in August 2013 significantly expanded our sales of baked snacks in China, the world's most populous country. With more than 40 percent of its sales in China and Hong Kong, Kelsen is one of the cornerstones in our strategy to become a global leader in biscuits; another is our *Arnott's* brand, which is growing rapidly in Indonesia. We've established a solid foundation in Latin America for driving growth in beverages and simple meals.



In Indonesia, a market with a population of more than 240 million, we're launching *Arnott's Shapes*. Many Indonesians already enjoy our *Tim Tam* and *Good Time* brands of biscuits.



Consumers in Malaysia make great-tasting meals with our *Prego* Italian sauces and *Kimball* sauces.

(left) **We're making a splash in Mexico**, where we offer a range of single-serve *V8 Splash* beverages and nectars that are tailored to local tastes and preferences with flavors like carrot and orange.



We see potential growth opportunities for our brands in emerging economies across Latin America, where we aim to build on our foothold in Mexico.



Kjeldsens and *Royal Dansk* are our leading brands of authentic Danish butter cookies. *Kjeldsens* cookies are popular seasonal gifts in China, where we're focused on driving distribution to attract new consumers. This year, Kelsen was once again selected as the only butter cookie company in the world to receive the endorsement of the Royal Danish Court.

INCREASING THE AVAILABILITY OF OUR FOOD AND BEVERAGES IN ALL CHANNELS WHERE CONSUMERS SHOP

Consumers expect their favorite brands to be ubiquitous, so we're taking steps to make sure our brands are available where and when they want them. From *Campbell's* soups, *Goldfish* crackers and *V8* beverages, to *Bolthouse Farms* super-premium beverages and *Plum Organics Mashups*, our products increasingly can be found in a range of channels beyond grocery and mass, including club, drug, dollar and convenience stores. After a decade of transformational impact on other sectors, e-commerce is coming to food, so we're building new capabilities to leverage this growing channel and connect our brands with consumers through digital and social media.



We're making it easier for on-the-go consumers to enjoy our beverages. During the year, we formed a new network of distributors that aims to expand distribution of single-serve *V8* and *Bolthouse Farms* beverages in convenience stores, including 12-ounce varieties of *V8* 100% vegetable juice.



From mobile apps to social media platforms, we're making meaningful connections with consumers as they engage with our brands in their digital lives.



Colorful eye-catching displays of single-serve *Goldfish* crackers are creating a new wave of sales and smiles at store check-out lines.

Real food that matters for life's moments

We make real food for real people. They trust us to provide food and drink that is good, honest, authentic and flavorful — made from ingredients that are grown, prepared, cooked or baked with care. People love that our food fits their real lives, fuels their bodies, and feeds their souls.



What we do every day matters. Families of all kinds rely on our foods. Our people rely on us for a challenging and supportive workplace. Our customers rely on us to help them meet the needs of their customers — profitably. Communities rely on us to help them thrive. And our shareholders rely on us for solid, sustainable returns. We make the biggest impact for all these groups when we set, and meet, high goals.



Our food encourages people to pause and savor life's moments. Whether shared or enjoyed alone, every single product we make connects people — to each other, to warm memories, to what's important today — and invites them to live those moments a little more richly.



FINANCIAL HIGHLIGHTS

| (dollars in millions, except per share amounts) | 2014 53 weeks | 2013 52 weeks |
|---|------------------|------------------|
| Results of Operations | | |
| Net Sales | \$ 8,268 | \$ 8,052 |
| Gross Profit | \$ 2,898 | \$ 2,912 |
| Percent of Sales | 35.1% | 36.2% |
| Earnings before interest and taxes | \$ 1,192 | \$ 1,080 |
| Earnings from continuing operations attributable to Campbell Soup Company | \$ 737 | \$ 689 |
| Per share — diluted | \$ 2.33 | \$ 2.17 |
| Earnings (loss) from discontinued operations | \$ 81 | \$ (231) |
| Per share — diluted | \$ 0.26 | \$ (0.73) |
| Net earnings attributable to Campbell Soup Company | \$ 818 | \$ 458 |
| Per share — diluted | \$ 2.59 | \$ 1.44 |
| Other Information | | |
| Net cash provided by operating activities | \$ 899 | \$ 1,019 |
| Capital expenditures | \$ 347 | \$ 336 |
| Dividends per share | \$ 1.248 | \$ 1.16 |

In 2014, Earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and related costs of \$36 (\$.11 per share) associated with restructuring initiatives in 2014 and 2013; pension settlement charges of \$14 (\$.04 per share) associated with a U.S. pension plan; a loss of \$6 (\$.02 per share) on foreign exchange forward contracts used to hedge the proceeds from the sale of the European simple meals business; and \$7 (\$.02 per share) tax expense associated with the sale of the European simple meals business. Earnings from discontinued operations included a gain of \$72 (\$.23 per share) on the sale of the European simple meals business.

In 2013, Earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and related costs of \$90 (\$.28 per share) associated with restructuring initiatives in 2013 and \$7 (\$.02 per share) of transaction costs related to the acquisition of Bolthouse Farms. Earnings from discontinued operations were impacted by an impairment charge on the intangible assets of the European simple meals business of \$263 (\$.83 per share) and tax expense of \$18 (\$.06 per share) representing taxes on the difference between the book value and tax basis of the business.

See below for a reconciliation of the impact of these items on reported results.

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

The following information is provided to reconcile certain non-GAAP financial measures disclosed in the Letter to Shareholders to reported sales and earnings results. The company believes that organic net sales, which exclude the impact of currency, acquisitions, and an additional week in fiscal 2014, are a better indicator of the company's ongoing business performance. The company also believes that the financial information excluding certain transactions not considered to be part of the ongoing business improves the comparability of year-to-year earnings results. Consequently, the company believes that investors may be able to better understand its earnings results if these transactions are excluded from the results. 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.

| (dollars in millions) | 2014 | 2013 | % Change |
|--------------------------------|-----------------|-----------------|-----------|
| Net Sales | \$ 8,268 | \$ 8,052 | 3% |
| Volume and Mix | | | 0% |
| Price and Sales Allowances | | | 1% |
| Increased Promotional Spending | | | -2% |
| Organic Growth | | | -1% |
| Currency | | | -1% |
| Acquisitions | | | 3% |
| Impact of additional week | | | 2% |
| Total | | | 3% |

| (dollars in millions, except per share amounts) | 2014 | | 2013 | | Earnings % Change | EPS % Change |
|--|-----------------|--------------------|-----------------|--------------------|-------------------|--------------|
| | Earnings Impact | Diluted EPS Impact | Earnings Impact | Diluted EPS Impact | 2014/2013 | 2014/2013 |
| Earnings from continuing operations attributable to Campbell Soup Company, as reported | \$ 737 | \$ 2.33 | \$ 689 | \$ 2.17 | | |
| Restructuring charges and related costs | 36 | 0.11 | 90 | 0.28 | | |
| Pension settlement charges | 14 | 0.04 | — | — | | |
| Loss on foreign exchange forward contracts | 6 | 0.02 | — | — | | |
| Tax expense associated with sale of European business | 7 | 0.02 | — | — | | |
| Acquisition transaction costs | — | — | 7 | 0.02 | | |
| Adjusted Earnings from continuing operations attributable to Campbell Soup Company | \$ 800 | \$ 2.53 | \$ 786 | \$ 2.48 | 2% | 2% |

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

BOARD OF DIRECTORS

(As of September 2014)

Paul R. Charron

Chairman of Campbell Soup Company,
Retired Chairman and Chief Executive
Officer of Liz Claiborne, Inc.

Denise M. Morrison

President and Chief Executive Officer
of Campbell Soup Company

Edmund M. Carpenter

Retired President and Chief Executive Officer
of Barnes Group, Inc.^{2,3}

Bennett Dorrance

Private Investor and Chairman and
Managing Director of DMB Associates^{2,4}

Lawrence C. Karlson

Retired Chairman and Chief Executive Officer
of Berwind Financial Corporation^{1,3}

Randall W. Larrimore

Retired President and Chief Executive Officer
of United Stationers, Inc.^{2,4}

Marc B. Lautenbach

President and Chief Executive Officer of Pitney Bowes Inc.

Mary Alice D. Malone

Private Investor and President
of Iron Spring Farm, Inc.^{2,3}

Sara Mathew

Retired Chairman and Chief Executive Officer
of The Dun & Bradstreet Corporation^{1,4}

Charles R. Perrin

Retired Chairman and Chief Executive Officer
of Avon Products, Inc.^{2,3}

A. Barry Rand

Retired Chief Executive Officer of AARP^{1,4}

Nick Shreiber

Retired President and Chief Executive Officer
of Tetra Pak Group^{1,4}

Tracey T. Travis

Executive Vice President and
Chief Financial Officer
of The Estée Lauder Companies Inc.^{1,3}

Archbold D. van Beuren

Retired Senior Vice President
of Campbell Soup Company^{1,3}

Les C. Vinney

Retired President and Chief Executive Officer
of STERIS Corporation^{2,3}

Charlotte C. Weber

Private Investor and Chief Executive Officer
of Live Oak Properties^{2,4}

OFFICERS

(As of September 2014)

Denise M. Morrison

President and Chief Executive Officer

Mark Alexander

Senior Vice President and President —
Campbell North America

Carlos Barroso

Senior Vice President —
Global Research & Development

David B. Biegger

Senior Vice President — Global Supply Chain

Irene Chang Britt

President — Pepperidge Farm and
Senior Vice President — Global Baking
and Snacking

Anthony P. DiSilvestro

Senior Vice President — Chief Financial Officer

Ellen Oran Kaden

Senior Vice President —
Chief Legal and Public Affairs Officer

Luca Mignini

Senior Vice President and President — Campbell International

Robert W. Morrissey

Senior Vice President —
Chief Human Resources Officer

Michael P. Senackerib

Senior Vice President —
Chief Marketing Officer

Joseph C. Spagnoletti

Senior Vice President —
Chief Information Officer

Kathleen M. Gibson

Vice President and Corporate Secretary

Richard J. Landers

Vice President — Taxes

Ashok Madhavan

Vice President and Treasurer

William J. O'Shea

Vice President — Controller

Committees

1 Audit 2 Compensation & Organization 3 Finance & Corporate Development 4 Governance

SHAREHOLDER INFORMATION

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Camden, NJ 08103
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(856) 342-3878 (Fax)

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Transfer Agent and Registrar

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College Station, TX 77842-3170
1-800-780-3203

Independent Accountants

PricewaterhouseCoopers LLP
Two Commerce Square
Suite 1700
2001 Market Street
Philadelphia, PA 19103-7042

Dividends

Campbell has paid dividends since the company became public in 1954. Dividends are normally paid quarterly, near the end of January, April, July and October.

A dividend reinvestment plan is available to shareholders. For information about dividends or the dividend reinvestment plan, write to Dividend Reinvestment Plan Agent, Campbell Soup Company, P.O. Box 30170, College Station, TX 77842-3170. Or call: (781) 575-2723 or 1-800-780-3203.

Annual Meeting

The Annual Meeting of Shareholders will be held on November 19, 2014 at 4:00 p.m. Eastern Time at Campbell Soup Company World Headquarters, 1 Campbell Place, Camden, NJ 08103.

Publications

For copies of the Annual Report or the SEC Form 10-K or other financial information, write to Investor Relations at the World Headquarters address, or call 1-800-840-2865 or visit our worldwide website at www.campbellsoupcompany.com.

For copies of Campbell's Corporate Social Responsibility Report, write to Dave Stangis, Vice President - Public Affairs and Corporate Responsibility at csr_feedback@campbellsoup.com.

Information Sources

Inquiries regarding our products may be addressed to Campbell's Consumer Response Center at the World Headquarters address or call 1-800-257-8443.

Investors and financial analysts may contact Jennifer Driscoll, Vice President - Investor Relations, at the World Headquarters address or call (856) 342-6081.

Media and public relations inquiries should be directed to Carla Burigatto, Director - External Communications, at the World Headquarters address or call (856) 342-3737.

Communications concerning share transfer, lost certificates, dividends and change of address, should be directed to Computershare Trust Company, N.A., 1-800-780-3203.

Shareholder Information Service

For the latest quarterly business results, or other information requests such as dividend dates, shareholder programs or product news, call 1-800-840-2865. Shareholder information is also available on our worldwide website at www.campbellsoupcompany.com.

Campbell Brands

Product trademarks owned or licensed by Campbell Soup Company and/or its subsidiaries appearing in the narrative text of this report are italicized.

Forward-Looking Statements

This report contains "forward-looking statements" that reflect Campbell's current expectations about the impact of its future plans and performance on Campbell's business or financial results, including its sales, earnings and margins. These forward-looking statements rely on a number of assumptions and estimates that could be inaccurate and that are subject to risks and uncertainties. The factors that could cause Campbell's actual results to vary materially from those anticipated or expressed in any forward-looking statement include: (1) the impact of strong competitive responses to Campbell's efforts to leverage its brand power in the market; (2) the impact of changes in consumer demand for Campbell's products; (3) the risks associated with trade and consumer acceptance of Campbell's initiatives; (4) Campbell's ability to realize projected cost savings and benefits; (5) Campbell's ability to manage changes to its business processes; (6) the practices and increased significance of certain of Campbell's key trade customers; (7) the impact of fluctuations in the supply or costs of energy and raw and packaging materials; (8) the impact of portfolio changes; (9) the uncertainties of litigation; (10) the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions and other external factors; (11) the impact of unforeseen business disruptions in one or more of Campbell's markets due to political instability, civil disobedience, armed hostilities, natural disasters or other calamities; and (12) other factors described in Campbell's most recent Form 10-K and subsequent Securities and Exchange Commission filings. Campbell disclaims any obligation or intent to update the forward-looking statements in order to reflect events or circumstances after the date of this report.



The papers, paper mills and printer utilized in the production of this Annual Report are all certified for Forest Stewardship Council® (FSC®) standards, which promote environmentally appropriate, socially beneficial and economically viable management of the world's forests. The report is printed on Mohawk Navajo, manufactured with certified, nonpolluting, wind-generated electricity. This report was printed by Sandy Alexander, Inc., which uses 100% renewable wind energy. Additionally, Sandy Alexander has implemented technologies and processes to substantially reduce the volatile organic compound (VOC) content of inks, coatings and solutions, and invested in equipment to capture and recycle virtually all VOC emissions from its press operations.



Commitment to Sustainability. To connect to our Corporate Social Responsibility Report and learn more about Campbell's approach to building a sustainable environment and honoring our role in society from farm to fork, visit www.campbellcsr.com.



On the Web. Visit us at www.campbellsoupcompany.com for company news and information. Hungry? Visit us at www.campbellskitchen.com for mouthwatering recipes.



Twitter. Follow us @CampbellSoupCo for tweets about our company, programs and brands.



1 Campbell Place, Camden, NJ 08103-1799
investor.campbellsoupcompany.com

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the Fiscal Year Ended
August 3, 2014

Commission File Number
1-3822



CAMPBELL SOUP COMPANY

New Jersey
State of Incorporation

21-0419870
I.R.S. Employer Identification No.

1 Campbell Place
Camden, New Jersey 08103-1799
Principal Executive Offices
Telephone Number: (856) 342-4800

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

| Title of Each Class | Name of Each Exchange on Which Registered |
|----------------------------------|---|
| Capital Stock, par value \$.0375 | New York Stock Exchange |

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

As of January 24, 2014 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of capital stock held by non-affiliates of the registrant was approximately \$7,711,154,033. There were 314,220,361 shares of capital stock outstanding as of September 15, 2014.

Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 19, 2014, are incorporated by reference into Part III.

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PART I

Item 1. *Business*

The Company

Campbell Soup Company, together with its consolidated subsidiaries (Campbell or the company), is a manufacturer and marketer of high-quality, branded convenience food products. Campbell was organized as a business corporation under the laws of New Jersey on November 23, 1922; however, through predecessor organizations, it traces its heritage in the food business back to 1869. The company's principal executive offices are in Camden, New Jersey 08103-1799.

Background

On August 6, 2012, the company completed the acquisition of BF Bolthouse Holdco LLC (Bolthouse Farms). Based in Bakersfield, California, Bolthouse Farms is a vertically integrated food and beverage company focused on developing, manufacturing and marketing fresh carrots and proprietary, high value-added products. After taking into account customary purchase price adjustments, the final all-cash purchase price was \$1.561 billion. For more information on the Bolthouse Farms acquisition, see Note 3 to the Consolidated Financial Statements.

On June 13, 2013, the company completed the acquisition of Plum, PBC (Plum). Based in Emeryville, California, Plum is a leading provider of premium, organic foods and snacks that serve the nutritional needs of babies, toddlers and children. The final all-cash purchase price was \$249 million. For more information on the Plum acquisition, see Note 3 to the Consolidated Financial Statements.

On August 8, 2013, the company completed the acquisition of Kelsen Group A/S (Kelsen). Based in Nørre Snede, Denmark, Kelsen is a producer of quality baked snacks that are sold in 85 countries around the world. The final all-cash purchase price was \$331 million. For more information on the Kelsen acquisition, see Note 3 to the Consolidated Financial Statements.

On October 28, 2013, the company completed the sale of its European simple meals business to Soppa Investments S.à r.l., an affiliate of CVC Capital Partners. The all-cash preliminary sale price was €400 million, or \$548 million, and was subject to certain post-closing adjustments, which resulted in a \$14 million reduction of proceeds. The company recognized a pre-tax gain of \$141 million (\$72 million after tax or \$.23 per share) in 2014. The company has reflected the results of the European simple meals business as discontinued operations in the Consolidated Statements of Earnings for all years presented. The business was historically included in the International Simple Meals and Beverages segment. For more information on the sale of the European simple meals business, see Note 4 to the Consolidated Financial Statements.

Reportable Segments

The company reports the results of operations in the following reportable segments: U.S. Simple Meals; Global Baking and Snacking; International Simple Meals and Beverages; U.S. Beverages; and Bolthouse and Foodservice. The company has 10 operating segments based on product type and geographic location and has aggregated the operating segments into the appropriate reportable segment based on similar economic characteristics; products; production processes; types or classes of customers; distribution methods; and regulatory environment. See also Note 7 to the Consolidated Financial Statements. The reportable segments are discussed in greater detail below.

U.S. Simple Meals

The U.S. Simple Meals segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; and as of June 13, 2013, *Plum Organics* food and snacks.

Global Baking and Snacking

The Global Baking and Snacking segment aggregates the following operating segments: Pepperidge Farm cookies, crackers, bakery and frozen products in U.S. retail; Arnott's biscuits in Australia and Asia Pacific; and as of August 8, 2013, Kelsen cookies globally.

International Simple Meals and Beverages

The International Simple Meals and Beverages segment aggregates the following operating segments: the retail business in Canada and the simple meals and beverages business in Asia Pacific, Latin America and China. See "Background" and Note 4 to the Consolidated Financial Statements for information on the sale of the European simple meals business, which was historically included in this segment. The results of operations of the European simple meals business have been reflected as discontinued operations for the years presented.

U.S. Beverages

The U.S. Beverages segment represents the U.S. retail beverages business, including the following products: *V8* juices and beverages, and *Campbell's* tomato juice.

Bolthouse and Foodservice

Bolthouse and Foodservice comprises the Bolthouse Farms carrot products operating segment, including fresh carrots, juice concentrate and fiber; the Bolthouse Farms super-premium refrigerated beverages and refrigerated salad dressings operating segment; and the North America Foodservice operating segment. The North America Foodservice operating segment represents the distribution of products such as soup, specialty entrées, beverage products, other prepared foods and Pepperidge Farm products through various food service channels in the U.S. and Canada. None of these operating segments meets the criteria for aggregation nor the thresholds for separate disclosure.

Ingredients and Packaging

The ingredient and packaging materials required for the manufacture of the company's food products are purchased from various suppliers. These items are subject to fluctuations in price attributable to a number of factors, including changes in crop size, cattle cycles, product scarcity, demand for raw materials, energy costs, government-sponsored agricultural programs, import and export requirements and regional drought and other weather conditions (including the potential effects of climate change) during the growing and harvesting seasons. To help reduce some of this price volatility, the company uses a combination of purchase orders, short- and long-term contracts, inventory management practices and various commodity risk management tools for most of its ingredients and packaging. Ingredient inventories are at a peak during the late fall and decline during the winter and spring. Since many ingredients of suitable quality are available in sufficient quantities only at certain seasons, the company makes commitments for the purchase of such ingredients during their respective seasons. At this time, the company does not anticipate any material restrictions on availability or shortages of ingredients or packaging that would have a significant impact on the company's businesses. For information on the impact of inflation on the company, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Customers

In most of the company's markets, sales and merchandising activities are conducted through the company's own sales force and its third-party broker and distributor partners. In the U.S., Canada and Latin America, the company's products are generally resold to consumers in retail food chains, mass discounters, mass merchandisers, club stores, convenience stores, drug stores, dollar stores and other retail, commercial and non-commercial establishments. In the Asia Pacific region, the company's products are generally resold to consumers through retail food chains, convenience stores and other retail, commercial and non-commercial establishments. The company makes shipments promptly after receipt and acceptance of orders.

The company's five largest customers accounted for approximately 35% of the company's consolidated net sales from continuing operations in 2014, 36% in 2013 and 37% in 2012. The company's largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 19% of the company's consolidated net sales in 2014, 2013 and 2012. All of the company's reportable segments sold products to Wal-Mart Stores, Inc. or its affiliates. No other customer accounted for 10% or more of the company's consolidated net sales.

Trademarks and Technology

As of September 15, 2014, the company owned over 3,700 trademark registrations and applications in over 160 countries. The company believes its trademarks are of material importance to its business. Although the laws vary by jurisdiction, trademarks generally are valid as long as they are in use and/or their registrations are properly maintained and have not been found to have become generic. Trademark registrations generally can be renewed indefinitely as long as the trademarks are in use. The company believes that its principal brands, including *Arnott's*, *Bolthouse Farms*, *Campbell's*, *Goldfish*, *Kjeldsens*, *Pace*, *Pepperidge Farm*, *Plum Organics*, *Prego*, *Swanson* and *V8*, are protected by trademark law in the major markets where they are used. In addition, some of the company's products are sold under brands that have been licensed from third parties.

Although the company owns a number of valuable patents, it does not regard any segment of its business as being dependent upon any single patent or group of related patents. In addition, the company owns copyrights, both registered and unregistered, and proprietary trade secrets, technology, know-how, processes, and other intellectual property rights that are not registered.

Competition

The company experiences worldwide competition in all of its principal products. This competition arises from numerous competitors of varying sizes across multiple food and beverage categories, and includes producers of generic and private label products, as well as other branded food and beverage manufacturers. All of these competitors vie for trade merchandising support and consumer dollars. The number of competitors cannot be reliably estimated. The principal areas of competition are brand recognition, taste, quality, price, advertising, promotion, convenience and service.

Working Capital

For information relating to the company's cash and working capital items, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Capital Expenditures

During 2014, the company's aggregate capital expenditures were \$347 million. The company expects to spend approximately \$400 million for capital projects in 2015. Major 2015 capital projects include a Bolthouse Farms beverage and salad dressing capacity expansion project, the ongoing implementation of a series of related initiatives to simplify and standardize the soup-making process in North America (also known as the soup common platform initiative), the ongoing Pepperidge Farm cracker capacity expansion project, the ongoing enhancement of the company's corporate headquarters in Camden, New Jersey, an ongoing Bolthouse Farms warehouse capacity expansion project and an Indonesian biscuit capacity expansion project.

Research and Development

During the last three fiscal years, the company's expenditures on research and development activities relating to new products and the improvement and maintenance of existing products were \$121 million in 2014, \$128 million in 2013, and \$116 million in 2012. The decrease from 2013 to 2014 was primarily due to lower incentive compensation costs and cost savings from restructuring initiatives, partially offset by the impact of acquisitions. The increase from 2012 to 2013 was primarily due to higher incentive compensation and benefit costs, the addition of Bolthouse Farms expenses and higher costs associated with product innovation in North America.

Environmental Matters

The company has requirements for the operation and design of its facilities that meet or exceed applicable environmental rules and regulations. Of the company's \$347 million in capital expenditures made during 2014, approximately \$15 million was for compliance with environmental laws and regulations in the U.S. The company further estimates that approximately \$16 million of the capital expenditures anticipated during 2015 will be for compliance with U.S. environmental laws and regulations. The company believes that continued compliance with existing environmental laws and regulations (both within the U.S. and elsewhere) will not have a material effect on capital expenditures, earnings or the competitive position of the company. In addition, the company continues to monitor pending environmental laws and regulations within the U.S. and elsewhere, including proposed regulations in the U.S. to limit carbon dioxide emissions from electric utilities, as well as other laws and regulations relating to climate change and greenhouse gas emissions. While the impact of these pending laws and regulations cannot be predicted with certainty, the company does not believe that compliance with these pending laws and regulations will have a material effect on capital expenditures, earnings or the competitive position of the company.

Seasonality

Demand for the company's products is somewhat seasonal, with the fall and winter months usually accounting for the highest sales volume due primarily to demand for the company's soup products. Sales of Kelsen products are also highest in the fall and winter months due primarily to holiday gift giving. Demand for the company's other simple meal and baking and snacking products, as well as the company's beverage products, is generally evenly distributed throughout the year.

Employees

On August 3, 2014, there were approximately 19,400 employees of the company.

Financial Information

Financial information for the company's reportable segments and geographic areas is found in Note 7 to the Consolidated Financial Statements. For risks attendant to the company's foreign operations, see "Risk Factors."

Company Website

The company's primary corporate website can be found at www.campbellsoupcompany.com. The company makes available free of charge at this website (under the "Investor Center — Financial Information — SEC Filings" caption) all of its reports (including amendments) filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, including its annual report on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K. These reports are made available on the website as soon as reasonably practicable after their filing with, or furnishing to, the Securities and Exchange Commission.

Item 1A. Risk Factors

In addition to the factors discussed elsewhere in this Report, the following risks and uncertainties could materially adversely affect the company's business, financial condition and results of operations. Additional risks and uncertainties not presently known to the company or that the company currently deems immaterial also may impair the company's business operations and financial condition.

The company operates in a highly competitive industry

The company operates in the highly competitive food industry and experiences international competition in all of its principal products. The principal areas of competition are brand recognition, taste, quality, price, advertising, promotion, convenience and service. A number of the company's primary competitors have substantial financial, marketing and other resources. A strong competitive response from one or more of these competitors to the company's marketplace efforts, or a consumer shift towards private label offerings, could result in the company reducing pricing, increasing marketing or other expenditures, and/or losing market share.

The company's results are dependent on strengthening its established businesses while diversifying into higher-growth spaces

The company's strategy is focused on strengthening its established businesses while diversifying its portfolio into higher-growth spaces. Its established simple meals, snacks and healthy beverages businesses are concentrated in slower-growing center-store categories in traditional mass and grocery channels. Factors that may impact the company's success in strengthening these businesses and/or diversifying its portfolio into higher-growth spaces include:

- the company's ability to identify and capitalize on higher-growth spaces;
- the company's ability to identify and capitalize on customer or consumer trends, including those related to new or improved products or packaging;
- the company's ability to design and implement effective retail execution plans;
- the company's ability to design and implement effective advertising and marketing programs;
- the company's ability to secure or maintain sufficient shelf space at retailers; and
- changes in underlying growth rates of the categories in which the company competes.

If the company is not successful in addressing these factors, the company's strategy may not be successful and/or the company's business or financial results may be negatively impacted.

The company's results may be adversely affected by the failure to execute acquisitions and divestitures successfully

The company's ability to meet its objectives with respect to the acquisition of new businesses or the divestiture of existing businesses may depend in part on its ability to identify suitable buyers and sellers, negotiate favorable financial terms and other contractual terms, and obtain all necessary regulatory approvals. Potential risks of acquisitions also include:

- the inability to integrate acquired businesses efficiently into the company's existing operations;
- diversion of management's attention from other business concerns;
- potential loss of key employees and/or customers of acquired businesses;
- potential assumption of unknown liabilities;
- the inability to implement promptly an effective control environment;
- potential impairment charges if purchase assumptions are not achieved or market conditions decline; and
- the risks inherent in entering markets or lines of business with which the company has limited or no prior experience.

Acquisitions outside the U.S. may present unique challenges and increase the company's exposure to risks associated with foreign operations, including foreign currency risks and risks associated with local regulatory regimes. For divestitures, potential risks may also include the inability to separate divested businesses or business units from the company effectively and efficiently and to reduce or eliminate associated overhead costs. The company's business or financial results may be negatively affected if acquisitions or divestitures are not successfully implemented or completed.

Disruption to the company's supply chain could adversely affect its business

The company's ability to manufacture and/or sell its products may be impaired by damage or disruption to its manufacturing or distribution capabilities, or to the capabilities of its suppliers or contract manufacturers, due to factors that are hard to predict or beyond the company's control, such as adverse weather conditions, natural disasters, fire, terrorism, pandemics, strikes or other events. Production of the agricultural commodities used in the company's business may also be adversely affected by drought, water scarcity, temperature extremes, scarcity of suitable agricultural land, crop disease and/or crop pests. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, may adversely affect the company's business or financial results, particularly in circumstances where a product is sourced from a single supplier or location. Disputes with significant suppliers or contract manufacturers, including disputes regarding pricing or performance, may also adversely affect the company's ability to manufacture and/or sell its products, as well as its business or financial results.

The company's non-U.S. operations pose additional risks to the company's business

In 2014, approximately 22% of the company's consolidated net sales from continuing operations were generated outside of the U.S. Sales outside the U.S. are expected to continue to represent a significant portion of consolidated net sales. The company's business or financial performance may be adversely affected due to the risks of doing business in markets outside of the U.S., including but not limited to the following:

- unfavorable changes in tariffs, quotas, trade barriers or other export and import restrictions;
- the difficulty and/or costs of complying with a wide variety of laws, treaties and regulations, including anti-corruption laws and regulations such as the U.S. Foreign Corrupt Practices Act;
- the difficulty and/or costs of designing and implementing an effective control environment across diverse regions and employee bases;
- the adverse impact of foreign tax treaties and policies;
- political or economic instability, including the possibility of civil unrest, armed hostilities or terrorist acts;
- the possible nationalization of operations;
- the difficulty of enforcing remedies and protecting intellectual property in various jurisdictions; and
- restrictions on the transfer of funds to and from countries outside of the U.S., including potentially negative tax consequences.

In addition, the company holds assets and incurs liabilities, generates revenue, and pays expenses in a variety of currencies other than the U.S. dollar, primarily the Australian dollar and the Canadian dollar. The company's consolidated financial statements are presented in U.S. dollars, and the company must translate its assets, liabilities, sales and expenses into U.S. dollars for external reporting purposes. As a result, changes in the value of the U.S. dollar due to fluctuations in currency exchange rates or currency exchange controls may materially and negatively affect the value of these items in the company's consolidated financial statements, even if their value has not changed in their local currency.

The company faces risks related to recession, financial and credit market disruptions and other economic conditions

Customer and consumer demand for the company's products may be impacted by weak economic conditions, recession, equity market volatility or other negative economic factors in the U.S. or other nations. Similarly, disruptions in financial and/or credit markets may impact the company's ability to manage normal commercial relationships with its customers, suppliers and creditors. In addition, changes in tax or interest rates in the U.S. or other nations, whether due to recession, financial and credit market disruptions or other reasons, could impact the company.

Increased regulation or regulatory-based claims could adversely affect the company's business or financial results

The manufacture and marketing of food products is extensively regulated. The primary areas of regulation include the processing, packaging, storage, distribution, marketing, advertising, labeling, quality and safety of the company's food products, as well as the health and safety of the company's employees and the protection of the environment. In the U.S., the company is subject to regulation by various government agencies, including the Food and Drug Administration, the U.S. Department of Agriculture, the Federal Trade Commission, the Occupational Safety and Health Administration and the Environmental Protection Agency, as well as various state and local agencies. The company is also regulated by similar agencies outside the U.S. Changes in regulatory requirements (such as proposed labeling requirements), or evolving interpretations of existing regulatory requirements, may result in increased compliance cost, capital expenditures and other financial obligations that could adversely affect the company's business or financial results. In addition, the marketing of food products has come under increased scrutiny in recent years, and the food industry has been subject to an increasing number of legal proceedings and claims relating to alleged false or deceptive marketing under federal, state and foreign laws or regulations. Legal proceedings or claims related to the company's marketing could damage the company's reputation and/or could adversely affect the company's business or financial results.

The company's results may be adversely impacted by increases in the price of raw and packaging materials

The raw and packaging materials used in the company's business include tomato paste, grains, beef, poultry, vegetables, steel, glass, paper and resin. Many of these materials are subject to price fluctuations from a number of factors, including product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, weather conditions, import and export requirements and changes in government-sponsored agricultural programs. To the extent any of these factors result in an increase in raw and packaging material prices, the company may not be able to offset such increases through productivity or price increases or through its commodity hedging activity.

Adverse changes in the global climate or extreme weather conditions could adversely affect the company's business or operations

The company's business or financial results could be adversely affected by changing global temperatures or weather patterns or by extreme or unusual weather conditions. Adverse changes in the global climate or extreme or unusual weather conditions could:

- unfavorably impact the cost or availability of raw or packaging materials, especially if such events have a negative impact on agricultural productivity or on the supply of water;
- disrupt the company's ability, or the ability of its suppliers or contract manufacturers, to manufacture or distribute the company's products;
- disrupt the retail operations of the company's customers; or
- unfavorably impact the demand for, or the consumer's ability to purchase, the company's products.

In addition, there is growing concern that the release of carbon dioxide and other greenhouse gases into the atmosphere may be impacting global temperatures and weather patterns and contributing to extreme or unusual weather conditions. This growing concern may result in more regional, federal, and/or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases. Adoption of such additional regulation may result in increased compliance costs, capital expenditures, and other financial obligations that could adversely affect the company's business or financial results.

Price increases may not be sufficient to cover increased costs, or may result in declines in sales volume due to pricing elasticity in the marketplace

The company intends to pass along to customers some or all cost increases in raw and packaging materials and other inputs through increases in the selling prices of, or decreases in the packaging sizes of, some of its products. Higher product prices or smaller packaging sizes may result in reductions in sales volume. To the extent the price increases or packaging size decreases are not sufficient to offset increased raw and packaging materials and other input costs, and/or if they result in significant decreases in sales volume, the company's business results and financial condition may be adversely affected.

The company may be adversely impacted by a changing customer landscape and the increased significance of some of its customers

The company's businesses are largely concentrated in the traditional retail grocery trade. In recent years, alternative retail grocery channels, such as dollar stores, drug stores, club stores and Internet-based retailers, have increased their market share. This trend towards alternative channels is expected to continue in the future. If the company is not successful in pursuing its strategy to expand sales in alternative retail grocery channels, its business or financial results may be adversely impacted. In addition, consolidations in the traditional retail grocery trade have produced large, sophisticated customers with increased buying power and negotiating strength who may seek lower prices or increased promotional programs funded by their suppliers. These customers may use more of their shelf space for their private label products. If the company is unable to use its scale, marketing expertise, product innovation and category leadership positions to respond to these customer dynamics, the company's business or financial results could be negatively impacted.

In 2014, the company's five largest customers accounted for approximately 35% of the company's consolidated net sales, with the largest customer, Wal-Mart Stores, Inc. and its affiliates, accounting for approximately 19% of the company's consolidated net sales. Disruption of sales to any of these customers, or to any of the company's other large customers, for an extended period of time could adversely affect the company's business or financial results.

If the company's food products become adulterated or are mislabeled, the company might need to recall those items, and may experience product liability claims if consumers are injured

The company may need to recall some of its products if they become adulterated or if they are mislabeled, and may also be liable if the consumption of any of its products causes injury to consumers. A widespread product recall could result in significant losses due to the costs of a recall, the destruction of product inventory, and lost sales due to the unavailability of product for a period of time. The company could also suffer losses from a significant adverse product liability judgment. A significant product recall or product liability claim could also result in adverse publicity, damage to the company's reputation, and a loss of consumer confidence in the safety and/or quality of its products, ingredients or packaging. Such a loss of confidence could occur even in the absence of a recall or a major product liability claim.

The company may be adversely impacted by inadequacies in, or security breaches of, its information technology systems

The company's information technology systems are critically important to the company's operations. The company relies on its information technology systems (some of which are outsourced to third parties) to manage the data, communications and business processes for all of its functions, including its marketing, sales, manufacturing, logistics, customer service, accounting and administrative functions. If the company does not allocate and effectively manage the resources necessary to build, sustain and protect an appropriate technology infrastructure, the company's business or financial results could be negatively impacted. Furthermore, the company's information technology systems may be vulnerable to material security breaches (including the access to or acquisition of customer, consumer or other confidential data), cyber-based attacks or other material system failures. If the company is unable to prevent material failures, the company's operations may be impacted, and the company may suffer other negative consequences such as reputational damage, litigation, remediation costs and/or penalties under various data privacy laws and regulations.

The company's results may be negatively impacted if consumers do not maintain their favorable perception of its brands

The company has a number of iconic brands with significant value. Maintaining and continually enhancing the value of these brands is critical to the success of the company's business. Brand value is based in large part on consumer perceptions. Success in promoting and enhancing brand value depends in large part on the company's ability to provide high-quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that the company has acted in an irresponsible manner, adverse publicity about the company's products, packaging and/or ingredients (whether or not valid), the company's failure to maintain the quality of its products, the failure of the company's products to deliver consistently positive consumer experiences, or the products becoming unavailable to consumers. The growing use of social and digital media by consumers increases the speed and extent that information and opinions can be shared. Negative posts or comments about the company, its brands, products or packaging on social or digital media could seriously damage the company's brands and reputation. If the company does not maintain the favorable perception of its brands, the company's results could be negatively impacted.

The company may not properly execute, or realize anticipated cost savings or benefits from, its ongoing supply chain, information technology or other initiatives

The company's success is partly dependent upon properly executing, and realizing cost savings or other benefits from, its ongoing supply chain, information technology and other initiatives. These initiatives are primarily designed to make the company more efficient, which is necessary in the company's highly competitive industry. These initiatives are often complex, and a failure to implement them properly may, in addition to not meeting projected cost savings or benefits, result in an interruption to the company's sales, manufacturing, logistics, customer service or accounting functions.

The company may be adversely impacted by increased liabilities and costs related to its defined benefit pension plans

The company sponsors a number of defined benefit pension plans for employees in the U.S. and various non-U.S. locations. The major defined benefit pension plans are funded with trust assets invested in a globally diversified portfolio of securities and other investments. Changes in regulatory requirements or the market value of plan assets, investment returns, interest rates and mortality rates may affect the funded status of the company's defined benefit pension plans and cause volatility in the net periodic benefit cost, future funding requirements of the plans and the funded status as recorded on the balance sheet. A significant increase in the company's obligations or future funding requirements could have a material adverse effect on the financial results of the company.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

The company's principal executive offices are company-owned and located in Camden, New Jersey. The following table sets forth the company's principal manufacturing facilities and the business segment that primarily uses each of the facilities:

Principal Manufacturing Facilities

Inside the U.S.

California

Bakersfield (BFS)
Dixon (USSM/USB)
Stockton (USSM/USB)

Connecticut

Bloomfield (GBS)

Florida

Lakeland (GBS)

Illinois

Downers Grove (GBS)

New Jersey

East Brunswick (GBS)

North Carolina

Maxton (USSM/ISMB)

Ohio

Napoleon (USSM/USB/BFS/ISMB)
Willard (GBS)

Pennsylvania

Denver (GBS)
Downingtown (GBS/BFS)

Texas

Paris (USSM/USB/ISMB/BFS)

Utah

Richmond (GBS)

Washington

Everett (BFS)
Prosser (BFS)

Wisconsin

Milwaukee (USSM)

Outside the U.S.

Australia

Huntingwood (GBS)
Marleston (GBS)
Shepparton (ISMB)
Virginia (GBS)

Canada

Toronto (USSM/ISMB/BFS)

Denmark

Nørre Snede (GBS)
Ribe (GBS)

Indonesia

Jawa Barat (GBS)

Malaysia

Selangor Darul Ehsan (ISMB)

USSM - U.S. Simple Meals
GBS - Global Baking and Snacking
ISMB - International Simple Meals and Beverages
USB - U.S. Beverages
BFS - Bolthouse and Foodservice

Each of the foregoing manufacturing facilities is company-owned, except the Selangor Darul Ehsan, Malaysia, and the East Brunswick, New Jersey, facilities are leased. The company also maintains executive offices in Norwalk, Connecticut; Bakersfield, California; Emeryville, California; Toronto, Canada; Nørre Snede, Denmark; and North Strathfield, Australia.

On October 28, 2013, the company completed the sale of its European simple meals business. The transaction included the sale of the facilities and executive offices in Puurs, Belgium; Le Pontet, France; Lubeck, Germany; and Kristianstadt, Sweden. The former Aiken, South Carolina, facility was closed in 2014. Manufacturing at the Villagran, Mexico, facility ceased in 2014.

In 2014, the company and its joint venture partner Swire Pacific Limited agreed to restructure manufacturing and streamline operations for the joint venture's soup and broth business in China. As a result of this restructuring, soup production by the joint venture at the Xiamen, China, facility ceased.

Management believes that the company's manufacturing and processing plants are well maintained and are generally adequate to support the current operations of the businesses.

Item 3. *Legal Proceedings*

None.

Item 4. *Mine Safety Disclosures*

Not applicable.

Executive Officers of the Company

The following list of executive officers as of September 15, 2014, is included as an item in Part III of this Form 10-K:

| <u>Name</u> | <u>Present Title</u> | <u>Age</u> | <u>Year First Appointed Executive Officer</u> |
|------------------------|--|------------|---|
| Mark R. Alexander | Senior Vice President | 50 | 2009 |
| Carlos J. Barroso | Senior Vice President | 55 | 2013 |
| David B. Biegger | Senior Vice President | 55 | 2014 |
| Irene Chang Britt | Senior Vice President | 51 | 2010 |
| Anthony P. DiSilvestro | Senior Vice President - Chief Financial Officer | 55 | 2004 |
| Ellen Oran Kaden | Senior Vice President - Chief Legal and Public Affairs Officer | 62 | 1998 |
| Luca Mignini | Senior Vice President | 52 | 2013 |
| Denise M. Morrison | President and Chief Executive Officer | 60 | 2003 |
| Robert W. Morrissey | Senior Vice President and Chief Human Resources Officer | 56 | 2012 |
| Michael P. Senackerib | Senior Vice President - Chief Marketing Officer | 49 | 2012 |

Carlos J. Barroso served as President and Founder of CJB and Associates, LLC, an R&D consulting firm (2009 - 2013), and Senior Vice President of R&D, Pepsico Global Foods (2008 - 2009), of PepsiCo, Inc. prior to joining the company in 2013. Luca Mignini served as Chief Executive Officer of the Findus Italy division of IGLO Group (2010 - 2012) and Senior Vice President, Europe, Japan and Australia and New Zealand (2007 - 2010), of SC Johnson & Son, Inc. prior to joining the company in 2013. Michael P. Senackerib served as Senior Vice President and Chief Marketing Officer of Hertz Global Holdings, Inc. and The Hertz Corporation (2008 - 2011) prior to joining the company in 2012. The company has employed Mark R. Alexander, David B. Biegger, Irene Chang Britt, Anthony P. DiSilvestro, Ellen Oran Kaden, Denise M. Morrison and Robert W. Morrissey in an executive or managerial capacity for at least five years.

There is no family relationship among any of the company's executive officers or between any such officer and any director that is first cousin or closer. All of the executive officers were elected at the November 2013 meeting of the Board of Directors, except David B. Biegger was appointed an executive officer at the March 2014 meeting with the appointment effective as of April 1, 2014. Anthony P. DiSilvestro's appointment as Senior Vice President - Chief Financial Officer was effective as of May 1, 2014.

PART II

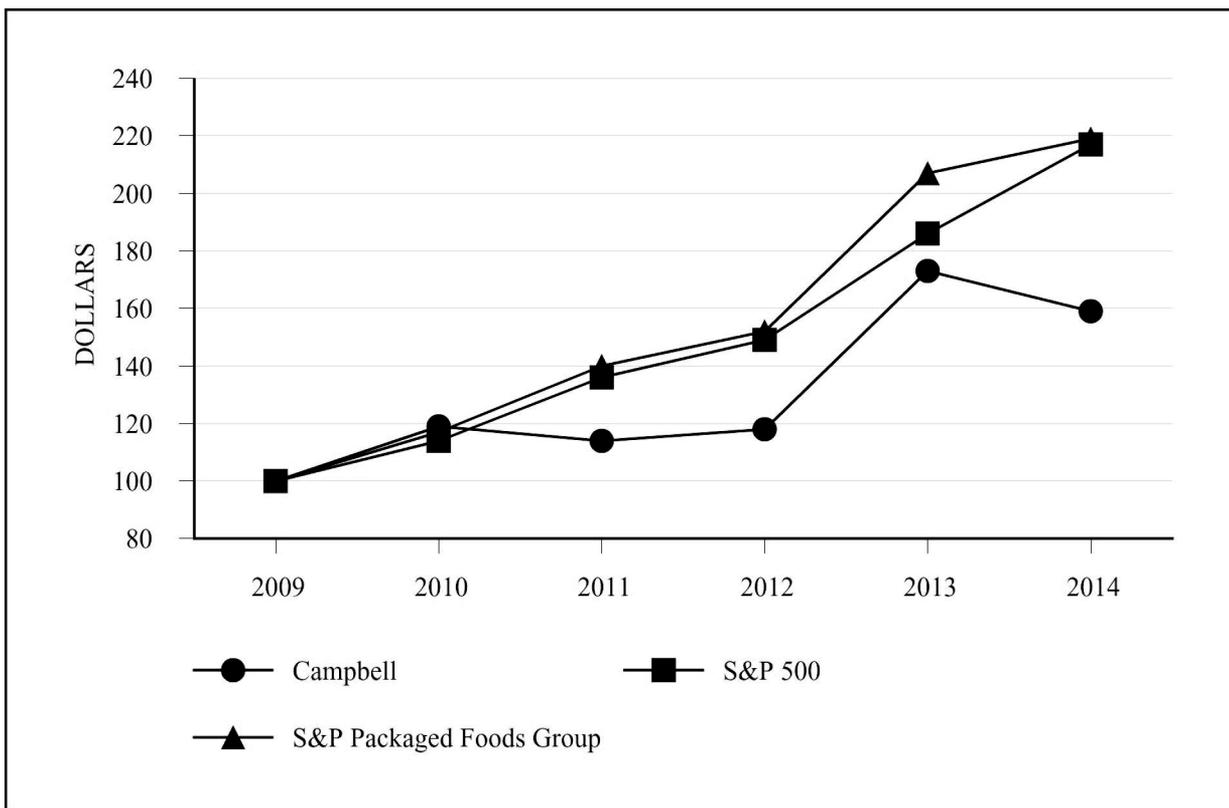
Item 5. *Market for Registrant's Capital Stock, Related Shareholder Matters and Issuer Purchases of Equity Securities*

Market for Registrant's Capital Stock

The company's capital stock is listed and principally traded on the New York Stock Exchange. On September 15, 2014, there were 22,147 holders of record of the company's capital stock. Market price and dividend information with respect to the company's capital stock are set forth in Note 21 to the Consolidated Financial Statements. Future dividends will be dependent upon future earnings, financial requirements and other factors.

Return to Shareholders* Performance Graph

The following graph compares the cumulative total shareholder return (TSR) on the company's stock with the cumulative total return of the Standard & Poor's 500 Stock Index (the S&P 500) and the Standard & Poor's Packaged Foods Index (the S&P Packaged Foods Group). The graph assumes that \$100 was invested on July 31, 2009, in each of company stock, the S&P 500 and the S&P Packaged Foods Group, and that all dividends were reinvested. The total cumulative dollar returns shown on the graph represent the value that such investments would have had on August 1, 2014.



* Stock appreciation plus dividend reinvestment.

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------|------|------|------|------|------|------------|
| Campbell | 100 | 119 | 114 | 118 | 173 | 159 |
| S&P 500 | 100 | 114 | 136 | 149 | 186 | 217 |
| S&P Packaged Foods Group | 100 | 117 | 140 | 152 | 207 | 219 |

Issuer Purchases of Equity Securities

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾ | Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs (\$ in Millions) ⁽¹⁾ |
|-------------------------|----------------------------------|------------------------------|---|--|
| 4/28/14 - 5/31/14 | — | — | — | \$750 |
| 6/1/14 - 6/30/14 | — | — | — | \$750 |
| 7/1/14 - 8/3/14 | — | — | — | \$750 |
| Total | — | — | — | \$750 |

⁽¹⁾ During the fourth quarter of 2014, the company had a publicly announced strategic share repurchase program. Under this program, which was announced on June 23, 2011, the company's Board of Directors authorized the purchase of up to \$1 billion of company stock. The program has no expiration date. Purchases under the program were suspended from July 2012 through 2014. The company expects to resume purchases under the program in 2015. The company also expects to continue its longstanding practice, under separate authorization, of purchasing shares sufficient to offset shares issued under incentive compensation plans.

Item 6. Selected Financial Data

FIVE-YEAR REVIEW — CONSOLIDATED

| <u>Fiscal Year</u> | <u>2014⁽¹⁾</u> | <u>2013⁽²⁾</u> | <u>2012⁽³⁾</u> | <u>2011⁽⁴⁾</u> | <u>2010⁽⁵⁾</u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <i>(Millions, except per share amounts)</i> | | | | | |
| Summary of Operations | | | | | |
| Net sales | \$8,268 | \$8,052 | \$7,175 | \$7,143 | \$7,085 |
| Earnings before interest and taxes | 1,192 | 1,080 | 1,155 | 1,212 | 1,272 |
| Earnings before taxes | 1,073 | 955 | 1,049 | 1,100 | 1,166 |
| Earnings from continuing operations | 726 | 680 | 724 | 749 | 791 |
| Earnings (loss) from discontinued operations | 81 | (231) | 40 | 53 | 53 |
| Net earnings | 807 | 449 | 764 | 802 | 844 |
| Net earnings attributable to Campbell Soup Company | 818 | 458 | 774 | 805 | 844 |
| Financial Position | | | | | |
| Plant assets - net | \$2,318 | \$2,260 | \$2,127 | \$2,103 | \$2,051 |
| Total assets | 8,113 | 8,323 | 6,530 | 6,862 | 6,276 |
| Total debt | 4,015 | 4,453 | 2,790 | 3,084 | 2,780 |
| Total equity | 1,603 | 1,210 | 898 | 1,096 | 929 |
| Per Share Data | | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company - basic | \$ 2.35 | \$ 2.19 | \$ 2.30 | \$ 2.28 | \$ 2.29 |
| Earnings from continuing operations attributable to Campbell Soup Company - assuming dilution | 2.33 | 2.17 | 2.29 | 2.26 | 2.27 |
| Net earnings attributable to Campbell Soup Company - basic | 2.61 | 1.46 | 2.43 | 2.44 | 2.44 |
| Net earnings attributable to Campbell Soup Company - assuming dilution | 2.59 | 1.44 | 2.41 | 2.42 | 2.42 |
| Dividends declared | 1.248 | 1.16 | 1.16 | 1.145 | 1.075 |
| Other Statistics | | | | | |
| Capital expenditures | \$ 347 | \$ 336 | \$ 323 | \$ 272 | \$ 315 |
| Weighted average shares outstanding - basic | 314 | 314 | 317 | 326 | 340 |
| Weighted average shares outstanding - assuming dilution | 316 | 317 | 319 | 329 | 343 |

(All per share amounts below are on a diluted basis)

The 2014 fiscal year consisted of 53 weeks. All other periods had 52 weeks.

- (1) The 2014 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and related costs of \$36 million (\$.11 per share) associated with restructuring initiatives in 2014 and 2013; pension settlement charges of \$14 million (\$.04 per share) associated with a U.S. pension plan; a loss of \$6 million (\$.02 per share) on foreign exchange forward contracts used to hedge the proceeds from the sale of the European simple meals business; and \$7 million (\$.02 per share) tax expense associated with the sale of the European simple meals business. Earnings from discontinued operations included a gain of \$72 million (\$.23 per share) on the sale of the European simple meals business.
- (2) The 2013 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and related costs of \$90 million (\$.28 per share) associated with restructuring initiatives in 2013 and \$7 million (\$.02 per share) of transaction costs related to the acquisition of Bolthouse Farms. Earnings from discontinued operations were impacted by an impairment charge on the intangible assets of the simple meals business in Europe of \$263 million (\$.83 per share) and tax expense of \$18 million (\$.06 per share) representing taxes on the difference between the book value and tax basis of the business.
- (3) The 2012 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge of \$4 million (\$.01 per share) associated with the 2011 initiatives and \$3 million (\$.01 per share) of transaction costs related to the acquisition of Bolthouse Farms. Earnings from discontinued operations included a restructuring charge of \$2 million (\$.01 per share) associated with the 2011 initiatives.

- (4) The 2011 earnings from continuing operations attributable to Campbell Soup Company were impacted by a restructuring charge of \$39 million (\$.12 per share) associated with initiatives announced in June 2011. Earnings from discontinued operations included a restructuring charge of \$2 million associated with the initiatives.
- (5) The 2010 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge of \$8 million (\$.02 per share) for pension benefit costs associated with the 2008 initiatives and \$10 million (\$.03 per share) to reduce deferred tax assets as a result of the U.S. health care legislation enacted in March 2010.

Five-Year Review should be read in conjunction with the Notes to Consolidated Financial Statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Description of the Company

Campbell Soup Company is a manufacturer and marketer of high-quality, branded convenience food products. The company reports the results of operations in the following reportable segments: U.S. Simple Meals; Global Baking and Snacking; International Simple Meals and Beverages; U.S. Beverages; and Bolthouse and Foodservice.

On August 6, 2012, the company completed the acquisition of Bolthouse Farms from a fund managed by Madison Dearborn Partners, LLC, a private equity firm. After taking into account customary purchase price adjustments, the final all-cash purchase price was \$1.561 billion. See Note 3 to the Consolidated Financial Statements for more information on the acquisition.

On June 13, 2013, the company completed the acquisition of Plum. The final all-cash purchase price was \$249 million. See Note 3 to the Consolidated Financial Statements for more information on the acquisition.

On August 8, 2013, the company completed the acquisition of Kelsen. The final all-cash purchase price was \$331 million. See Note 3 to the Consolidated Financial Statements for more information on the acquisition.

On October 28, 2013, the company completed the sale of its European simple meals business to Soppa Investments S.à r.l., an affiliate of CVC Capital Partners. The all-cash preliminary sale price was €400 million, or \$548 million, and was subject to certain post-closing adjustments, which resulted in a \$14 million reduction of proceeds. The company has reflected the results of the European simple meals business as discontinued operations in the Consolidated Statements of Earnings for all years presented. See Note 4 to the Consolidated Financial Statements for additional information.

Key Strategies

Campbell's long-term goal is to build shareholder value by driving sustainable, profitable net sales growth. In its efforts to achieve this goal, the company is guided by its purpose - "Real Food That Matters For Life's Moments" - which it articulated in 2014 as an expression of its core beliefs and the foundation of its historic connection with consumers. With this purpose as its compass, the company is pursuing a strategy that is focused on strengthening its established simple meals, snacks and healthy beverages businesses while diversifying its portfolio into higher-growth spaces.

Campbell plans to take a number of steps in 2015 to strengthen its established businesses. In its North American soup and simple meals business, the company expects to improve performance by enhancing product quality and elevating its marketing and brand-building efforts. The company will also introduce new soup and simple meal products responsive to consumers' desire for indulgent or premium foods; their increasing appetite for ethnic and regional cuisines; and their growing interest in quick and easy home-cooking solutions. For its shelf-stable beverage business, the company will target health-conscious adults with its *V8* branded beverages and households with children with its *V8 Splash* branded beverages. Pepperidge Farm will remain focused on building the *Goldfish* cracker brand, maintaining the momentum of its fresh bakery portfolio, and revitalizing its adult savory crackers business. The company will also continue its efforts to reinvigorate its businesses in Australia, focusing on *Arnott's* biscuits.

Since 2013, Campbell has acquired three businesses - Bolthouse Farms, Plum and Kelsen - and divested its European simple meals business as part of its effort to diversify its portfolio into higher-growth spaces. This effort will continue in 2015, with a focus on four key growth platforms:

- Accelerating breakthrough innovation, including through continued expansion of the company's dinner sauces platform and the introduction of *V8* Protein shakes and bars.
- Becoming a branded leader in packaged fresh foods. For example, in 2015 Bolthouse Farms will introduce its first kid-focused line of refrigerated snacks and beverages, building on its existing businesses in fresh carrots, super-premium beverages and salad dressings.
- Expanding in developing markets in Asia and Latin America, where the company already has footholds in China, Indonesia, Malaysia and Mexico.

- Increasing the availability of the company's products. Across its portfolio, Campbell plans to increase the availability of many of its products by focusing on higher growth alternative retail grocery channels, such as the convenience, club and e-commerce channels.

Executive Summary

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

- There were 53 weeks in 2014. There were 52 weeks in 2013 and 2012.
- Net sales increased 3% in 2014 to \$8.268 billion. The Kelsen and Plum acquisitions contributed 3 points of growth and the 53rd week contributed 2 points of growth.
- Gross profit, as a percent of sales, decreased to 35.1% from 36.2% a year ago. The decrease was primarily due to cost inflation and increased supply chain costs, higher promotional spending and the impact of acquisitions, partly offset by productivity improvements and a reduction in restructuring-related costs.
- Administrative expenses decreased 15% to \$573 million from \$677 million a year ago. The decline was primarily due to lower incentive compensation costs, cost savings from restructuring initiatives and lower pension expenses, partially offset by the impact of acquisitions.
- Earnings per share from continuing operations were \$2.33 in 2014, compared to \$2.17 a year ago. The current and prior year included expenses of \$.20 and \$.31 per share, respectively, from items impacting comparability as discussed below.

Earnings from continuing operations attributable to Campbell Soup Company - 2014 Compared with 2013

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

- In 2014, the company recognized pre-tax pension settlement charges in Cost of products sold of \$22 million (\$14 million after tax or \$.04 per share) associated with a U.S. pension plan. The settlements resulted from the level of lump sum distributions from the plan's assets in 2014, primarily due to the closure of the facility in Sacramento, California;
- On October 28, 2013, the company completed the sale of its simple meals business in Europe. In 2014, the company recorded a loss of \$9 million (\$6 million after tax or \$.02 per share) on foreign exchange forward contracts used to hedge the proceeds from the sale of the European simple meals business. The loss was included in Other expenses. In addition, the company recorded tax expense of \$7 million (\$.02 per share) associated with the sale of the business;
- In 2014, the company recorded a pre-tax restructuring charge of \$54 million (\$33 million after tax or \$.10 per share) associated with initiatives to streamline its salaried workforce in North America and its workforce in the Asia Pacific region; restructure manufacturing and streamline operations for its soup and broth business in China; improve supply chain efficiency in Australia; and reduce overhead across the organization. See Note 8 to the Consolidated Financial Statements and "Restructuring Charges" for additional information;
- In 2013, the company implemented several initiatives to improve its U.S. supply chain cost structure and increase asset utilization across its U.S. thermal plant network; expand access to manufacturing and distribution capabilities in Mexico; improve its Pepperidge Farm bakery supply chain cost structure; and reduce overhead in North America. In 2014, the company recorded a pre-tax restructuring charge of \$1 million and restructuring-related costs of \$3 million in Cost of products sold (aggregate impact of \$3 million after tax or \$.01 per share) related to the 2013 initiatives. In 2013, the company recorded a pre-tax restructuring charge of \$51 million and restructuring-related costs of \$91 million in Cost of products sold (aggregate impact of \$90 million after tax or \$.28 per share) related to the 2013 initiatives. See Note 8 to the Consolidated Financial Statements and "Restructuring Charges" for additional information; and
- In 2013, the company incurred pre-tax transaction costs of \$10 million (\$7 million after tax or \$.02 per share) associated with the acquisition of Bolthouse Farms, which closed on August 6, 2012. The costs were included in Other expenses.

The items impacting comparability are summarized below:

| (Millions, except per share amounts) | 2014 | | 2013 | |
|---|-----------------|------------|-----------------|------------|
| | Earnings Impact | EPS Impact | Earnings Impact | EPS Impact |
| Earnings from continuing operations attributable to Campbell Soup Company. | \$ 737 | \$ 2.33 | \$ 689 | \$ 2.17 |
| Restructuring charges and related costs. | \$ (36) | \$ (.11) | \$ (90) | \$ (.28) |
| Pension settlement charges | (14) | (.04) | — | — |
| Loss on foreign exchange forward contracts. | (6) | (.02) | — | — |
| Tax expense associated with sale of business | (7) | (.02) | — | — |
| Acquisition transaction costs | — | — | (7) | (.02) |
| Impact of items on earnings from continuing operations ⁽¹⁾ | \$ (63) | \$ (.20) | \$ (97) | \$ (.31) |

⁽¹⁾ The sum of the individual per share amounts may not add due to rounding.

Earnings from continuing operations were \$737 million (\$2.33 per share) in 2014, compared to \$689 million (\$2.17 per share) in 2013. After adjusting for items impacting comparability, earnings increased primarily due to lower administrative expenses, the benefit of the additional week and lower marketing expenses, partly offset by a lower gross margin percentage, lower sales (excluding the impact of acquisitions and the 53rd week), and a higher effective tax rate. The additional week contributed approximately \$.08 per share to earnings from continuing operations in 2014.

The company sold its European simple meals business on October 28, 2013. See "Discontinued Operations" for additional information.

Net earnings attributable to Campbell Soup Company - 2013 Compared with 2012

In addition to the 2013 items that impacted comparability of Earnings from continuing operations previously disclosed, the following items impacted the comparability of net earnings and net earnings per share:

Continuing Operations

- In 2012, the company incurred pre-tax transaction costs of \$5 million (\$3 million after tax or \$.01 per share) associated with the acquisition of Bolthouse Farms; and
- In 2011, the company announced a series of initiatives to improve supply chain efficiency and reduce overhead costs across the organization to help fund plans to drive growth of the business. The company also announced its exit from the Russian market. In 2012, the company recorded a pre-tax restructuring charge of \$7 million (\$4 million after tax or \$.01 per share) related to the initiatives. See Note 8 to the Consolidated Financial Statements and "Restructuring Charges" for additional information.

Discontinued Operations

- In the fourth quarter of 2013, the company recorded an impairment charge on the intangible assets of the simple meals business in Europe of \$396 million (\$263 million after tax or \$.83 per share). In addition, the company recorded \$18 million in tax expense (\$.06 per share) representing taxes on the difference between the book value and tax basis of the business. See Note 4 to the Consolidated Financial Statements for additional information; and
- In 2012, the company recorded restructuring charges of \$3 million (\$2 million after tax or \$.01 per share) associated with reducing overhead.

The items impacting comparability are summarized below:

| (Millions, except per share amounts) | 2013 | | 2012 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Earnings Impact | EPS Impact | Earnings Impact | EPS Impact |
| Earnings from continuing operations attributable to Campbell Soup Company. | \$ 689 | \$ 2.17 | \$ 734 | \$ 2.29 |
| Earnings (loss) from discontinued operations | \$ (231) | \$ (.73) | \$ 40 | \$ 0.12 |
| Net earnings attributable to Campbell Soup Company | <u>\$ 458</u> | <u>\$ 1.44</u> | <u>\$ 774</u> | <u>\$ 2.41</u> |
| <u>Continuing operations:</u> | | | | |
| Restructuring charges and related costs. | \$ (90) | \$ (.28) | \$ (4) | \$ (.01) |
| Acquisition transaction costs | (7) | (.02) | (3) | (.01) |
| Impact of items on earnings from continuing operations ⁽¹⁾ | <u>\$ (97)</u> | <u>\$ (.31)</u> | <u>\$ (7)</u> | <u>\$ (.02)</u> |
| <u>Discontinued operations:</u> | | | | |
| Restructuring charges and related costs. | \$ — | \$ — | \$ (2) | \$ (.01) |
| Impairment charge. | (263) | (.83) | — | — |
| Tax expense on book and tax differences | (18) | (.06) | — | — |
| Impact of items on earnings (loss) from discontinued operations. | <u>\$ (281)</u> | <u>\$ (.89)</u> | <u>\$ (2)</u> | <u>\$ (.01)</u> |

⁽¹⁾ The sum of the individual per share amounts may not add due to rounding.

Earnings from continuing operations were \$689 million (\$2.17 per share) in 2013, compared to \$734 million (\$2.29 per share) in 2012. After adjusting for items impacting comparability, earnings increased in 2013 from 2012. The increase was primarily due to sales growth, lower marketing expenses, the impact of the acquisition of Bolthouse Farms and a lower effective tax rate, partially offset by higher administrative expenses and higher selling expenses. Earnings per share benefited from a reduction in the weighted average diluted shares outstanding, reflecting the impact of the company's strategic share repurchase program in 2012.

See "Discontinued Operations" for additional information.

Net earnings (loss) attributable to noncontrolling interests

The company owns a 60% controlling interest in a joint venture formed with Swire Pacific Limited to support the development of the company's soup and broth business in China. The joint venture began operations on January 31, 2011. The noncontrolling interest's share in the net loss was included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings. In 2014, the company and its joint venture partner agreed to restructure manufacturing and streamline operations for its soup and broth business in China. The after-tax restructuring charge attributable to the noncontrolling interest was \$5 million.

The company also owns a 70% controlling interest in a Malaysian food products manufacturing company. The noncontrolling interest's share in the net earnings was included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings and was not material in 2014, 2013, or 2012.

DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

| (Millions) | 2014 | 2013 | 2012 | % Change | |
|--|-----------------|-----------------|-----------------|-----------|------------|
| | | | | 2014/2013 | 2013/2012 |
| U.S. Simple Meals | \$ 2,944 | \$ 2,849 | \$ 2,726 | 3% | 5% |
| Global Baking and Snacking | 2,440 | 2,273 | 2,193 | 7 | 4 |
| International Simple Meals and Beverages | 780 | 869 | 872 | (10) | — |
| U.S. Beverages | 723 | 742 | 774 | (3) | (4) |
| Bolthouse and Foodservice | 1,381 | 1,319 | 610 | 5 | 116 |
| | <u>\$ 8,268</u> | <u>\$ 8,052</u> | <u>\$ 7,175</u> | <u>3%</u> | <u>12%</u> |

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

| 2014 versus 2013 | U.S. Simple Meals | Global Baking and Snacking | International Simple Meals and Beverages | U.S. Beverages ⁽³⁾ | Bolthouse and Foodservice | Total |
|--|----------------------------------|---|---|--|--|--------------|
| Volume and Mix | —% | 1% | (2)% | (5)% | 3% | —% |
| Price and Sales Allowances | 2 | 2 | (1) | — | — | 1 |
| Decreased/(Increased) Promotional Spending ⁽¹⁾ | (2) | (3) | — | 1 | (1) | (2) |
| Currency | — | (3) | (6) | — | — | (1) |
| Net Accounting ⁽²⁾ | — | — | (3) | — | — | — |
| Acquisitions | 2 | 8 | — | — | 1 | 3 |
| Estimated Impact of 53 rd week | 1 | 2 | 2 | 2 | 2 | 2 |
| | <u>3%</u> | <u>7%</u> | <u>(10)%</u> | <u>(3)%</u> | <u>5%</u> | <u>3%</u> |

| 2013 versus 2012 | U.S. Simple Meals | Global Baking and Snacking | International Simple Meals and Beverages | U.S. Beverages | Bolthouse and Foodservice | Total ⁽³⁾ |
|---|----------------------------------|---|---|---------------------------|--|-----------------------------|
| Volume and Mix | 3% | 4% | —% | (3)% | (6)% | 1% |
| Price and Sales Allowances | 2 | 2 | 2 | — | — | 2 |
| Increased Promotional Spending ⁽¹⁾ | (1) | (2) | (2) | (1) | (2) | (1) |
| Acquisitions | 1 | — | — | — | 124 | 11 |
| | <u>5%</u> | <u>4%</u> | <u>—%</u> | <u>(4)%</u> | <u>116%</u> | <u>12%</u> |

(1) Represents revenue reductions from trade promotion and consumer coupon redemption programs.

(2) In 2014, revenue in Mexico is presented on a net accounting basis in connection with a new business model under which the cost of certain services provided by the company's suppliers is netted against revenue.

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

In 2014, U.S. Simple Meals sales increased 3%. U.S. soup sales decreased 1%. Excluding the benefit of the 53rd week, U.S. soup sales decreased 2%. Further details of U.S. soup, excluding the benefit of the 53rd week, include:

- Sales of *Campbell's* condensed soups decreased 3%, with declines in eating varieties partially offset by gains in cooking varieties. Lower volumes and increased promotional spending were partly offset by higher selling prices.
- Sales of ready-to-serve soups decreased 6%, primarily due to declines in canned and microwavable soup varieties.
- Broth sales increased 8%, primarily due to more effective marketing programs, innovation and distribution gains.

Sales of other simple meals increased 15%, primarily due to the acquisition of Plum in June 2013, which contributed 9 points of growth. Excluding the impact of the acquisition and the benefit of the 53rd week, sales increased due to gains in *Prego* pasta sauces, which benefited from the launch of Alfredo sauces; and *Campbell's* dinner sauces, which benefited from the introduction in 2014 of *Campbell's* Slow Cooker Sauces; partially offset by declines in *Campbell's* canned gravy products.

In 2013, U.S. Simple Meals sales increased 5%, reflecting increases in U.S. soup and other simple meals. U.S. soup sales increased 5%, benefiting from improved execution and the favorable impact of weather. Further details of U.S. soup include:

- Sales of *Campbell's* condensed soups increased 2%, with gains in both cooking and eating varieties.
- Sales of ready-to-serve soups increased 9%, due to volume-driven gains in *Campbell's Chunky* canned soups, which benefited from new varieties, increased promotional spending and a return to NFL-themed advertising.
- Broth sales increased 4%, primarily driven by double-digit gains in aseptically packaged broth, partially offset by lower sales of canned products and lower sales of *Swanson Flavor Boost* concentrated broth, which was introduced in 2012.

Sales of other simple meals increased 5% primarily due to the acquisition of Plum in June 2013, growth in *Prego* pasta sauces, the 2013 launch of *Campbell's* Skillet Sauces, and growth in *Pace* Mexican sauces, partially offset by lower sales in other simple meals products.

In 2014, Global Baking and Snacking sales increased 7%. The acquisition of Kelsen contributed \$193 million to sales, or 8 points of growth. Excluding the impact of the acquisition and the benefit of the 53rd week, sales decreased primarily due to the

impact of currency. Excluding the benefit of the 53rd week, Pepperidge Farm sales increased slightly with growth in fresh bakery and *Goldfish* crackers, partially offset by declines in adult cracker varieties and frozen products. In fresh bakery, sales increased due to gains in sandwich bread and rolls. In Arnott's, sales decreased primarily due to the impact of currency and sales declines in Australia in savory and chocolate varieties, partially offset by strong gains in Indonesia and the benefit of the 53rd week. The company increased trade spending in Arnott's and Pepperidge Farm to remain competitive.

In 2013, Global Baking and Snacking sales increased 4% with gains in both Pepperidge Farm and Arnott's. Pepperidge Farm sales increased primarily due to growth in fresh bakery products, *Goldfish* crackers and cookies. Sales of fresh bakery products benefited from improved marketplace performance and increased shelf space at retail outlets resulting from the bankruptcy of a competitor. Arnott's sales increased primarily due to gains in Indonesia, partially offset by the impact of currency. Promotional spending was increased by Pepperidge Farm for competitive reasons and to capitalize on the opportunity to increase shelf space in the U.S. bread category and in Arnott's to remain competitive in the Australian marketplace.

In 2014, International Simple Meals and Beverages sales decreased 10%. In Canada, sales decreased due to the impact of currency and declines in beverages, partly offset by gains in snacks. In Latin America, sales declined due to the impact of presenting revenue on a net basis and lower selling prices in Mexico. In the Asia Pacific region, sales decreased primarily due to the impact of currency and declines in Australia, primarily in soup, partially offset by gains in Malaysia.

In 2013, International Simple Meals and Beverages sales were comparable to 2012. Sales declines in the Asia Pacific region, primarily due to currency and declines in exports, were partially offset by gains in China, Canada and Latin America. Promotional spending was increased, primarily to support the soup business in Canada, in response to more intense price competition in the marketplace.

In 2014, U.S. Beverages sales decreased 3%, primarily from declines in *V8 V-Fusion* multi-serve beverages and softness in single-serve beverages, due in part to the transition in 2014 to a new distribution network for the immediate consumption channel. U.S. Beverages continues to be under pressure from category weakness in shelf-stable juices, as well as from competition from specialty beverages and packaged fresh juices.

In 2013, U.S. Beverages sales decreased 4% due to declines in sales of *V8* vegetable juice and *V8 V-Fusion* beverages, partially offset by an increase in *V8 Splash* beverages. Promotional spending was increased, primarily on *V8 Splash* beverages, in response to more price-based competition in the value segment.

In 2014, Bolthouse and Foodservice sales increased 5%. The increase was due in part to the benefit of the 53rd week and the additional week of Bolthouse sales in 2014 as the business was acquired one week into 2013. Excluding the additional week of Bolthouse in 2014 and the benefit of the 53rd week, segment sales increased as gains in Bolthouse beverages and salad dressings were partially offset by declines in North America Foodservice. The North America Foodservice decline was due to volume declines in fresh soup sold at retail perimeter and the impact of currency.

In 2013, Bolthouse and Foodservice sales increased due to the acquisition of Bolthouse Farms in 2013, which contributed \$756 million to sales. North America Foodservice sales declined 8% primarily due to declines in frozen soup products, reflecting the loss of a major restaurant customer, and higher levels of trade spending to remain competitive.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, decreased by \$14 million in 2014 from 2013 and increased by \$102 million in 2013 from 2012. As a percent of sales, gross profit was 35.1% in 2014, 36.2% in 2013 and 39.2% in 2012.

The 1.1 and 3.0 percentage-point decreases in gross margin percentage in 2014 and 2013, respectively, were due to the following factors:

| | 2014 | 2013 |
|--|---------------|---------------|
| Cost inflation, supply chain costs and other factors | (2.5)% | (1.9)% |
| Higher level of promotional spending | (1.1) | (0.7) |
| Impact of acquisitions (including Plum recall in 2014) | (0.6) | (1.7) |
| Mix | (0.4) | — |
| Pension settlement charges ⁽¹⁾ | (0.3) | — |
| Productivity improvements | 2.0 | 1.6 |
| Reduction (increase) in restructuring-related costs | 1.1 | (1.1) |
| Higher selling prices | 0.7 | 0.8 |
| | <u>(1.1)%</u> | <u>(3.0)%</u> |

⁽¹⁾ See Note 11 to the Consolidated Financial Statements for additional information on the pension settlement charges.

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 11.3% in 2014, 11.8% in 2013 and 13.1% in 2012. Marketing and selling expenses decreased 1% in 2014 from 2013. The decrease was primarily due to lower advertising and consumer promotion expenses (approximately 2 percentage points); the impact of currency (approximately 1 percentage point); lower marketing overhead expenses (approximately 1 percentage point); and lower selling expenses (approximately 1 percentage point), partially offset by the impact of acquisitions (approximately 4 percentage points). Marketing and selling expenses increased 1% in 2013 from 2012. The increase was primarily due to the impact of the Bolthouse Farms acquisition (approximately 3 percentage points); higher selling expenses (approximately 2 percentage points); and higher marketing expenses to support innovation efforts (approximately 2 percentage points), partially offset by lower advertising and consumer promotion expenses, primarily in the U.S. Soup business (approximately 6 percentage points).

Administrative Expenses

Administrative expenses as a percent of sales were 6.9% in 2014, 8.4% in 2013 and 8.1% in 2012. Administrative expenses decreased by 15% in 2014 from 2013. The decrease was primarily due to lower incentive compensation costs (approximately 13 percentage points); cost savings from restructuring initiatives (approximately 3 percentage points); and lower pension and other benefit expenses (approximately 2 percentage points), partially offset by the impact of acquisitions (approximately 3 percentage points). Administrative expenses increased by 17% in 2013 from 2012, primarily due to the impact of the Bolthouse Farms acquisition (approximately 10 percentage points) and higher incentive compensation costs (approximately 7 percentage points).

Research and Development Expenses

Research and development expenses decreased \$7 million, or 5%, in 2014 from 2013. The decrease was primarily due to lower incentive compensation costs (approximately 4 percentage points) and cost savings from restructuring initiatives (approximately 3 percentage points), partially offset by the impact of acquisitions (approximately 3 percentage points). Research and development expenses increased \$12 million, or 10%, in 2013 from 2012. The increase was primarily due to higher incentive compensation and benefit costs (approximately 7 percentage points); the impact of the Bolthouse Farms acquisition (approximately 2 percentage points); and higher costs associated with product innovation in North America (approximately 1 percentage point).

Other Expenses/(Income)

Other expenses in 2014 included a loss of \$9 million on foreign exchange forward contracts used to hedge the proceeds from the sale of the European simple meals business and \$18 million of amortization of intangible assets associated with the acquisition of Bolthouse Farms, Kelsen and Plum businesses. Other expenses in 2013 included \$10 million of transaction costs and \$14 million of amortization of intangible assets associated with the acquisition of Bolthouse Farms. Other expenses in 2012 included \$5 million of transaction costs associated with the acquisition of Bolthouse Farms.

Operating Earnings

Segment operating earnings were comparable in 2014 and 2013. Segment operating earnings increased 7% in 2013 from 2012.

An analysis of operating earnings by segment follows:

| (Millions) | 2014 | 2013 | 2012 | % Change | |
|--|-----------------|-----------------|-----------------|-----------|-----------|
| | | | | 2014/2013 | 2013/2012 |
| U.S. Simple Meals | \$ 714 | \$ 731 | \$ 658 | (2)% | 11% |
| Global Baking and Snacking | 332 | 316 | 315 | 5 | — |
| International Simple Meals and Beverages | 106 | 108 | 106 | (2) | 2 |
| U.S. Beverages | 127 | 120 | 134 | 6 | (10) |
| Bolthouse and Foodservice | 117 | 116 | 85 | 1 | 36 |
| | <u>1,396</u> | <u>1,391</u> | <u>1,298</u> | <u>—%</u> | <u>7%</u> |
| Unallocated corporate expenses | (149) | (260) | (136) | | |
| Restructuring charges ⁽¹⁾ | (55) | (51) | (7) | | |
| Earnings before interest and taxes | <u>\$ 1,192</u> | <u>\$ 1,080</u> | <u>\$ 1,155</u> | | |

⁽¹⁾ See Note 8 to the Consolidated Financial Statements for additional information on restructuring charges.

Earnings from U.S. Simple Meals decreased 2% in 2014 versus 2013. The decrease was primarily due to a lower gross margin percentage and expenses related to the Plum product recall in November 2013, partly offset by lower administrative expenses, lower marketing expenses and the benefit of the additional week.

Earnings from U.S. Simple Meals increased 11% in 2013 versus 2012. The improvement in operating earnings was primarily due to higher selling prices and productivity savings, partially offset by cost inflation.

Earnings from Global Baking and Snacking increased 5% in 2014 versus 2013. Operating earnings increased primarily due to lower administrative expenses, the Kelsen acquisition, lower marketing expenses and the benefit of the additional week, partially offset by a lower gross margin percentage and the impact of currency. The operating earnings increase reflected growth in Pepperidge Farm and the addition of Kelsen's operating results, partly offset by lower earnings in Arnott's.

Earnings from Global Baking and Snacking increased \$1 million in 2013, reflecting growth in Pepperidge Farm mostly offset by lower earnings in Arnott's.

Earnings from International Simple Meals and Beverages decreased 2% in 2014 versus 2013. The decrease in operating earnings was primarily due to lower sales volume and the impact of currency, partly offset by lower administrative expenses, a higher gross margin percentage and lower selling expenses.

Earnings from International Simple Meals and Beverages increased 2% in 2013 versus 2012. The increase was primarily due to lower losses in China, reflecting lower marketing expenses, partially offset by a lower gross margin percentage.

Earnings from U.S. Beverages increased 6% in 2014 versus 2013, primarily due to lower administrative and marketing expenses, partly offset by a lower gross margin percentage and sales volume declines.

Earnings from U.S. Beverages decreased 10% in 2013 versus 2012, primarily due to lower sales and a lower gross margin percentage, partially offset by reduced advertising expenses.

Earnings from Bolthouse and Foodservice increased 1% in 2014 versus 2013. The increase was primarily due to lower administrative expenses, the increase in sales and the benefit of the 53rd week, partly offset by a lower gross margin percentage and increased marketing investment for Bolthouse Farms.

Earnings from Bolthouse and Foodservice increased \$31 million in 2013 from 2012 due to the acquisition of Bolthouse Farms, which contributed \$63 million, partially offset by lower earnings in North America Foodservice resulting from the decline in sales.

Unallocated corporate expenses in 2014 included pension settlement charges of \$22 million associated with a U.S. pension plan. The settlement resulted from the level of lump sum distributions from the plan's assets in 2014, primarily due to the closure of the facility in Sacramento, California. The current year also included a \$9 million loss on foreign exchange forward contracts related to the sale of the European simple meals business and \$3 million of restructuring-related costs. Unallocated corporate expenses in 2013 included \$91 million of restructuring-related costs and \$10 million of transaction costs associated with the Bolthouse Farms acquisition. The remaining decrease in expenses was primarily due to lower incentive compensation costs and gains on foreign exchange transactions. Unallocated corporate expenses in 2012 included \$5 million associated with the acquisition of Bolthouse Farms. The remaining increase in expenses in 2013 from 2012 was primarily due to higher incentive compensation costs.

Interest Expense/Income

Interest expense decreased to \$122 million in 2014 from \$135 million in 2013, reflecting lower interest rates on the debt portfolio. Interest income decreased to \$3 million from \$10 million in 2013, primarily due to lower levels of cash and cash equivalents.

Interest expense increased to \$135 million in 2013 from \$114 million in 2012, reflecting a higher debt level due to the Bolthouse Farms acquisition, partially offset by lower interest rates. Interest income increased to \$10 million from \$8 million in 2012, primarily due to higher levels of cash and cash equivalents.

Taxes on Earnings

The effective tax rate was 32.3% in 2014, 28.8% in 2013 and 31.0% in 2012. The current year included a tax benefit of \$8 million on \$22 million of pension settlement charges associated with a U.S. pension plan. The current year also included a tax benefit of \$17 million on \$58 million of restructuring charges and related costs, tax expense of \$7 million associated with the sale of the European simple meals business, and a tax benefit of \$3 million on a loss of \$9 million on foreign exchange forward contracts used to hedge the proceeds from the sale of the business. The prior year included a tax benefit of \$55 million on \$152 million of restructuring charges and related costs and acquisition transaction costs. After adjusting for items impacting comparability, the remaining increase in the effective rate in 2014 was primarily due to the prior-year rate benefiting from lower taxes on foreign earnings and the favorable settlement of state tax matters.

The decline in the effective tax rate in 2013 from 2012 was primarily due to lower state taxes, including the favorable resolution of certain matters, and an increase in the U.S. manufacturing deduction.

Restructuring Charges

2014 Initiatives

In 2014, the company implemented the following initiatives to reduce overhead across the organization, restructure manufacturing and streamline operations for its soup and broth business in China and improve supply chain efficiency in Australia. Details of the 2014 initiatives include:

- The company streamlined its salaried workforce in North America and its workforce in the Asia Pacific region. Approximately 250 positions were eliminated.
- The company and its joint venture partner Swire Pacific Limited agreed to restructure manufacturing and streamline operations for its soup and broth business in China. As a result, certain assets were impaired, and approximately 100 positions were eliminated.
- In Australia, the company implemented an initiative to improve supply chain efficiency by relocating production from its biscuit plant in Marlestone to Huntingwood. The relocation will occur through the second quarter of 2016 and will result in the elimination of approximately 90 positions.
- The company implemented an initiative to reduce overhead across the organization by approximately 85 positions. The actions will be completed in 2015.

In 2014, the company recorded a restructuring charge of \$54 million (\$33 million after tax or \$.10 per share in earnings from continuing operations attributable to Campbell Soup Company) related to the 2014 initiatives.

A summary of the pre-tax costs and remaining costs associated with the initiatives is as follows:

| (Millions) | Total Program | Recognized as of August 3, 2014 | Remaining Costs to be Recognized |
|----------------------------|---------------|---------------------------------|----------------------------------|
| Severance pay and benefits | \$ 42 | \$ (41) | \$ 1 |
| Asset impairment | 12 | (12) | — |
| Other exit costs | 2 | (1) | 1 |
| Total | <u>\$ 56</u> | <u>\$ (54)</u> | <u>\$ 2</u> |

Of the aggregate \$56 million of pre-tax costs, the company expects approximately \$43 million will be cash expenditures. In addition, the company expects to invest approximately \$7 million in capital expenditures, primarily to relocate biscuit production and packaging capabilities. The remaining aspects of the 2014 initiatives are expected to be completed through 2016. The remaining cash outflows related to these restructuring initiatives are not expected to have a material adverse impact on the company's liquidity.

The initiatives are expected to generate pre-tax savings of approximately \$56 million in 2015, and once fully implemented, annual ongoing savings of approximately \$65 million beginning in 2016. In 2014, pre-tax savings were \$26 million.

The total pre-tax costs of \$56 million associated with each segment are expected to be as follows: U.S. Simple Meals - \$9 million; Global Baking and Snacking - \$24 million; International Simple Meals and Beverages - \$18 million; U.S. Beverages - \$2 million; Bolthouse and Foodservice - \$2 million; and Corporate - \$1 million. Segment operating results do not include restructuring charges as segment performance is evaluated excluding such charges.

2013 Initiatives

In 2013, the company implemented the following initiatives to improve supply chain efficiency, expand access to manufacturing and distribution capabilities and reduce costs. Details of the 2013 initiatives include:

- The company implemented initiatives to improve its U.S. supply chain cost structure and increase asset utilization across its U.S. thermal plant network, including closing its thermal plant in Sacramento, California, which produced soups, sauces and beverages. The closure resulted in the elimination of approximately 700 full-time positions and was completed in phases. Most of the positions were eliminated in 2013 and operations ceased in August 2013. The company shifted the majority of Sacramento's soup, sauce and beverage production to its thermal plants in Maxton, North Carolina; Napoleon, Ohio; and Paris, Texas. The company also closed its spice plant in South Plainfield, New Jersey, which resulted in the elimination of 27 positions. The company consolidated spice production at its Milwaukee, Wisconsin, plant in 2013.
- In Mexico, the company entered into commercial arrangements with third-party providers to expand access to manufacturing and distribution capabilities. The third-party providers will produce and distribute the company's beverages, soups, broths and sauces throughout the Mexican market. As a result of these agreements, the company closed its plant in Villagrán, Mexico, and eliminated approximately 260 positions in the first quarter of 2014.

- The company implemented an initiative to improve its Pepperidge Farm bakery supply chain cost structure by closing its plant in Aiken, South Carolina. The plant was closed in May 2014. The company shifted the majority of Aiken's bread production to its bakery plant in Lakeland, Florida. Approximately 110 positions were eliminated as a result of the plant closure.
- The company streamlined its salaried workforce in U.S. Simple Meals, North America Foodservice and U.S. Beverages by approximately 70 positions. This action was substantially completed in August 2013.

In 2014, the company recorded a restructuring charge of \$1 million related to the 2013 initiatives. In addition, approximately \$3 million of costs related to the 2013 initiatives were recorded in Cost of products sold, representing other exit costs. The aggregate after-tax impact of restructuring charges and related costs recorded in 2014 was \$3 million, or \$.01 per share. In 2013, the company recorded a restructuring charge of \$51 million. In addition, approximately \$91 million of costs related to these initiatives were recorded in 2013 in Cost of products sold, representing accelerated depreciation and other exit costs. The aggregate after-tax impact of restructuring charges and related costs recorded in 2013 was \$90 million, or \$.28 per share.

A summary of the pre-tax costs and remaining costs associated with the initiatives is as follows:

| (Millions) | Total Program | Recognized as of August 3, 2014 | Remaining Costs to be Recognized |
|---|------------------|---------------------------------------|--|
| Severance pay and benefits | \$ 35 | \$ (35) | \$ — |
| Accelerated depreciation/asset impairment | 99 | (99) | — |
| Other exit costs | 14 | (12) | 2 |
| Total | <u>\$ 148</u> | <u>\$ (146)</u> | <u>\$ 2</u> |

Of the aggregate \$148 million of pre-tax costs, approximately \$46 million are cash expenditures. In addition, the company expects to invest approximately \$31 million in capital expenditures, primarily to relocate and refurbish a beverage filling and packaging line, and relocate bread production, of which approximately \$28 million has been invested as of August 3, 2014. The remaining aspects of the 2013 initiatives are expected to be completed in 2015. The remaining cash outflows related to these restructuring initiatives are not expected to have a material adverse impact on the company's liquidity.

The initiatives included in this program, once fully implemented, are expected to generate annual ongoing pre-tax savings of approximately \$40 million beginning in 2015, with 2014 savings of approximately \$30 million.

The total pre-tax costs of \$148 million associated with segments are expected to be as follows: U.S. Simple Meals - \$90 million; Global Baking and Snacking - \$16 million; International Simple Meals and Beverages - \$9 million; U.S. Beverages - \$31 million; and Bolthouse and Foodservice - \$2 million. Segment operating results do not include restructuring charges as segment performance is evaluated excluding such charges.

2011 Initiatives

In the fourth quarter of 2011, the company announced a series of initiatives to improve supply chain efficiency and reduce overhead costs across the organization to help fund plans to drive the growth of the business. The company also announced its exit from the Russian market. Details of the 2011 initiatives include:

- In Australia, the company is investing in a new system to automate packing operations at its biscuit plant in Virginia. This investment continued through 2014 and resulted in the elimination of approximately 190 positions in 2014. The company expects to continue investing in the new system through 2015. Further, the company improved asset utilization in the U.S. by shifting production of ready-to-serve soups from Paris, Texas, to other facilities in 2012. In addition, the manufacturing facility in Marshall, Michigan, was closed in 2011, and manufacturing of *Campbell's Soup at Hand* microwavable products was consolidated at the Maxton, North Carolina, plant in 2012.
- The company streamlined its salaried workforce by approximately 510 positions around the world, including approximately 130 positions at its world headquarters in Camden, New Jersey. These actions were substantially completed in 2011. As part of this action, the company outsourced a larger portion of its U.S. retail merchandising activities to its retail sales agent, Acosta Sales and Marketing, and eliminated approximately 190 positions.
- In connection with exiting the Russian market, the company eliminated approximately 50 positions. The exit process commenced in 2011 and was substantially completed in 2012.

In 2012, the company recorded a restructuring charge of \$10 million (\$6 million after tax or \$.02 per share) related to the 2011 initiatives. Of the amount recorded in 2012, \$3 million related to discontinued operations. In the fourth quarter of 2011, the company recorded a restructuring charge of \$63 million (\$41 million after tax or \$.12 per share). Of the amount recorded in 2011, \$3 million related to discontinued operations. A summary of the pre-tax charges recognized is as follows:

| (Millions) | <u>Total Program</u> |
|---|--------------------------|
| Severance pay and benefits | \$ 41 |
| Asset impairment/accelerated depreciation | 23 |
| Other exit costs | 9 |
| Total | <u>\$ 73</u> |

As of the second quarter of 2014, the 2011 initiatives were substantially completed. Of the aggregate \$73 million of pre-tax costs, approximately \$50 million represented cash expenditures, the majority of which was spent in 2012. In addition, the company expects to invest approximately \$45 million in capital expenditures in connection with the actions, of which approximately \$41 million has been invested as of August 3, 2014. The remaining cash outflows related to these programs are not expected to have a material adverse impact on the company's liquidity.

The initiatives included in this program are expected to generate annual pre-tax cash savings of approximately \$60 million beginning in 2012 and increasing to approximately \$70 million in 2014.

The total pre-tax costs of \$73 million associated with each segment were as follows: U.S. Simple Meals - \$32 million; Global Baking and Snacking - \$14 million; International Simple Meals and Beverages - \$17 million; U.S. Beverages - \$3 million; Bolthouse and Foodservice - \$1 million; and Corporate - \$6 million. Segment operating results do not include restructuring charges as segment performance is evaluated excluding such charges.

See Note 8 to the Consolidated Financial Statements for additional information.

Discontinued Operations

On October 28, 2013, the company completed the sale of its European simple meals business to Soppa Investments S.à r.l., an affiliate of CVC Capital Partners. The all-cash preliminary sale price was €400 million, or \$548 million, and was subject to certain post-closing adjustments, which resulted in a \$14 million reduction of proceeds. The company recognized a pre-tax gain of \$141 million (\$72 million after tax or \$.23 per share) in 2014.

The company has reflected the results of the European simple meals business as discontinued operations in the Consolidated Statements of Earnings for all years presented. The business was historically included in the International Simple Meals and Beverages segment.

Results of discontinued operations were as follows:

| (Millions) | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|--|---------------|-----------------|---------------|
| Net sales | <u>\$ 137</u> | <u>\$ 532</u> | <u>\$ 532</u> |
| Gain on sale of the European simple meals business | \$ 141 | \$ — | \$ — |
| Impairment on the European simple meals business | — | (396) | — |
| Earnings from operations, before taxes | 14 | 65 | 57 |
| Earnings (loss) before taxes | <u>\$ 155</u> | <u>\$ (331)</u> | <u>\$ 57</u> |
| Taxes on earnings | (74) | 100 | (17) |
| Earnings (loss) from discontinued operations | <u>\$ 81</u> | <u>\$ (231)</u> | <u>\$ 40</u> |

In the fourth quarter of 2013, the company recorded an impairment charge on the intangible assets of this business of \$396 million (\$263 million after tax or \$.83 per share). In addition, the company recorded \$18 million in tax expense (\$.06 per share) representing taxes on the difference between the book value and tax basis of the business. See also Notes 4 and 6 to the Consolidated Financial Statements for additional information.

In 2013, sales were comparable to 2012 as gains in France, Belgium and the Nordic region were offset by declines in Germany and export sales. Excluding the impairment charge and the tax charge, earnings increased in 2013 due primarily to lower marketing spending and administrative costs.

LIQUIDITY AND CAPITAL RESOURCES

The company expects that foreseeable liquidity and capital resource requirements, including cash outflows to repay debt, pay dividends and repurchase shares, will be met through anticipated cash flows from operations; long-term borrowings under its shelf registration statement; short-term borrowings, including commercial paper; and cash and cash equivalents. The company believes that its sources of financing will be adequate to meet its future liquidity and capital resource requirements.

The company generated cash from operations of \$899 million in 2014, compared to \$1.019 billion in 2013. The decrease in 2014 was primarily due to lower cash earnings and taxes paid on the divestiture of the European simple meals business, partly offset by lower working capital requirements.

The company generated cash from operations of \$1.019 billion in 2013, compared to \$1.120 billion in 2012. The decrease in 2013 was primarily due to higher working capital requirements, partly offset by higher cash earnings.

Capital expenditures were \$347 million in 2014, \$336 million in 2013 and \$323 million in 2012. Capital expenditures are expected to total approximately \$400 million in 2015. Capital expenditures in 2014 included capacity expansion at Pepperidge Farm (approximately \$48 million); the ongoing initiative to simplify the soup-making process in North America (also known as the soup common platform initiative) (approximately \$22 million); broth capacity expansion (approximately \$15 million); continued enhancement of the company's corporate headquarters (approximately \$12 million); a flexible beverage production line for Bolthouse Farms (approximately \$11 million); the refurbishment of a beverage filling and packaging line for the U.S. Beverages business (approximately \$10 million); the packing automation and capacity expansion projects at one of the company's Australian biscuit plants (approximately \$10 million); and an advanced planning system in North America (approximately \$4 million). Capital expenditures in 2013 included the soup capacity expansion project for the North America Foodservice business (approximately \$42 million); capacity expansion at Pepperidge Farm (approximately \$38 million); the ongoing soup common platform initiative in North America (approximately \$20 million); the packing automation and capacity expansion projects at one of the company's Australian biscuit plants (approximately \$19 million); and an advanced planning system in North America (approximately \$11 million). Capital expenditures in 2012 included the packing automation and capacity expansion projects at one of the company's Australian biscuit plants (approximately \$32 million), Pepperidge Farm's 34,000-square-foot innovation center (approximately \$20 million), capacity expansion at Pepperidge Farm (approximately \$18 million), the ongoing soup common platform initiative in North America (approximately \$17 million), an advanced planning system in North America (approximately \$14 million), and continued enhancement of the company's corporate headquarters (approximately \$11 million).

On August 8, 2013, the company completed the acquisition of Kelsen. The final all-cash purchase price was \$331 million and was funded through the issuance of commercial paper.

On June 13, 2013, the company completed the acquisition of Plum. The final all-cash purchase price was \$249 million and was funded through the issuance of commercial paper.

Long-term borrowings in 2013 included:

- \$400 million floating rate notes that matured on August 1, 2014. Interest on the notes was based on 3-month U.S. dollar LIBOR plus 0.30%. Interest was payable quarterly and commenced on November 1, 2012;
- \$450 million of 2.50% notes that mature on August 2, 2022. Interest is payable semi-annually and commenced on February 2, 2013. The company may redeem the notes in whole or in part at any time at a redemption price of 100% of the principal amount plus accrued interest or an amount designed to ensure that the note holders are not penalized by the early redemption; and
- \$400 million of 3.80% notes that mature on August 2, 2042. Interest is payable semi-annually and commenced on February 2, 2013. The company may redeem the notes in whole or in part at any time at a redemption price of 100% of the principal amount plus accrued interest or an amount designed to ensure that the note holders are not penalized by the early redemption.

The net proceeds from these issuances were used to fund the acquisition of Bolthouse Farms in 2013 for \$1.561 billion. The balance of the purchase price was funded through the issuance of commercial paper.

Dividend payments were \$391 million in 2014, \$367 million in 2013 and \$373 million in 2012. Annual dividends declared were \$1.248 per share in 2014 and \$1.16 per share in 2013 and 2012. The 2014 fourth quarter rate was \$.312 per share.

Excluding shares owned and tendered by employees to satisfy stock option exercises, the company repurchased approximately 2 million shares at a cost of \$76 million in 2014, approximately 4 million shares at a cost of \$153 million in 2013, and approximately 13 million shares at a cost of \$412 million in 2012. In June 2011, the company's Board of Directors authorized the purchase of up to \$1 billion of company stock. In 2012, approximately \$250 million was used to repurchase shares pursuant to the company's June 2011 publicly announced share repurchase program. Approximately \$750 million remained available to repurchase shares under the company's June 2011 repurchase program as of August 3, 2014. The program has no expiration date. Purchases under the program were suspended from July 2012 through 2014. The company expects to resume purchases under the program in 2015.

The company also expects to continue its longstanding practice, under separate authorization, of purchasing shares sufficient to offset shares issued under incentive compensation plans. See “Market for Registrant’s Capital Stock, Related Shareholder Matters and Issuer Purchases of Equity Securities” for more information.

At August 3, 2014, the company had \$1.771 billion of short-term borrowings due within one year, of which \$1.406 billion was comprised of commercial paper borrowings. As of August 3, 2014, \$49 million of standby letters of credit were issued on behalf of the company. In December 2013, the company renewed its committed revolving credit facilities, combining two previous facilities totaling \$2.0 billion into a new five-year facility totaling \$2.2 billion. The new facility matures in December 2018. This facility remained unused at August 3, 2014, except for \$3 million of standby letters of credit issued on behalf of the company. This revolving credit facility supports the company’s commercial paper programs and other general corporate purposes. The company may also increase the commitment under the credit facility up to an additional \$500 million, upon the agreement of either existing lenders or of additional banks not currently parties to the existing credit agreements.

On October 28, 2013, the company completed the sale of its European simple meals business to Soppa Investments S.à r.l., an affiliate of CVC Capital Partners, for €400 million, or \$548 million. The sale price was subject to certain post-closing adjustments, which resulted in a \$14 million reduction of proceeds. The company used the proceeds from the sale to pay taxes on the sale, reduce debt and for other general corporate purposes.

In November 2011, the company filed a registration statement with the Securities and Exchange Commission that registered an indeterminate amount of debt securities. Under the registration statement, the company may issue debt securities, depending on market conditions.

The company is in compliance with the covenants contained in its revolving credit facilities and debt securities.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

Contractual Obligations

The following table summarizes the company’s obligations and commitments to make future payments under certain contractual obligations as of August 3, 2014. For additional information on debt, see Note 13 to the Consolidated Financial Statements. Operating leases are primarily entered into for warehouse and office facilities and certain equipment. Purchase commitments represent purchase orders and long-term purchase arrangements related to the procurement of ingredients, supplies, machinery, equipment and services. These commitments are not expected to have a material impact on liquidity. Other long-term liabilities primarily represent payments related to deferred compensation obligations. For additional information on other long-term liabilities, see Note 19 to the Consolidated Financial Statements.

| (Millions) | Contractual Payments Due by Fiscal Year | | | | |
|---|---|-----------------|---------------|---------------|-----------------|
| | Total | 2015 | 2016 - 2017 | 2018 - 2019 | Thereafter |
| Debt obligations ⁽¹⁾ | \$ 4,024 | \$ 1,771 | \$ 402 | \$ 301 | \$ 1,550 |
| Interest payments ⁽²⁾ | 850 | 92 | 182 | 152 | 424 |
| Derivative payments ⁽³⁾ | 22 | 16 | 6 | — | — |
| Purchase commitments | 1,037 | 689 | 173 | 84 | 91 |
| Operating leases | 194 | 38 | 58 | 40 | 58 |
| Other long-term payments ⁽⁴⁾ | 166 | — | 46 | 41 | 79 |
| Total long-term cash obligations | \$ 6,293 | \$ 2,606 | \$ 867 | \$ 618 | \$ 2,202 |

⁽¹⁾ Excludes unamortized net discount/premium on debt issuances. For additional information on debt obligations, see Note 13 to the Consolidated Financial Statements.

⁽²⁾ Interest payments for short-term borrowings are calculated based on par values and rates of contractually obligated issuances at fiscal year end. Interest payments on long-term debt are based on principal amounts and fixed coupon rates at fiscal year end.

⁽³⁾ Represents payments of cross-currency swaps, forward exchange contracts, commodity contracts, and deferred compensation hedges. Contractual payments for cross-currency swaps represent future discounted cash payments based on forward interest and spot foreign exchange rates.

⁽⁴⁾ Represents other long-term liabilities, excluding unrecognized tax benefits, postretirement benefits and payments related to pension plans. For additional information on pension and postretirement benefits, see Note 11 to the Consolidated Financial Statements. For additional information on unrecognized tax benefits, see Note 12 to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements and Other Commitments

The company guarantees approximately 2,000 bank loans to Pepperidge Farm independent sales distributors by third-party financial institutions used to purchase distribution routes. The maximum potential amount of the future payments under existing guarantees the company could be required to make is \$179 million. The company's guarantees are indirectly secured by the distribution routes. The company does not believe that it is probable that it will be required to make guarantee payments as a result of defaults on the bank loans guaranteed. See also Note 18 to the Consolidated Financial Statements for information on off-balance sheet arrangements.

INFLATION

In 2014, inflation in cost of products sold was higher than 2013. In 2013, inflation in cost of products sold was lower than 2012. The company continues to use a number of strategies to mitigate the effects of cost inflation including increasing prices, commodity hedging and pursuing cost productivity initiatives such as global procurement strategies and capital investments that improve the efficiency of operations.

MARKET RISK SENSITIVITY

The principal market risks to which the company is exposed are changes in foreign currency exchange rates, interest rates and commodity prices. In addition, the company is exposed to equity price changes related to certain deferred compensation obligations. The company manages its exposure to changes in interest rates by optimizing the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps in order to maintain its variable-to-total debt ratio within targeted guidelines. International operations, which accounted for 22% of 2014 net sales from continuing operations, are concentrated principally in Australia and Canada. The company manages its foreign currency exposures by borrowing in various foreign currencies and utilizing cross-currency swaps and forward contracts. Cross-currency swaps and forward contracts are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures. The company does not enter into contracts for speculative purposes and does not use leveraged instruments.

The company principally uses a combination of purchase orders and various short- and long-term supply arrangements in connection with the purchase of raw materials, including certain commodities and agricultural products. The company also enters into commodity futures, options and swap contracts to reduce the volatility of price fluctuations of diesel fuel, soybean oil, wheat, aluminum, natural gas, cocoa and corn, which impact the cost of raw materials.

The information below summarizes the company's market risks associated with debt obligations and other significant financial instruments as of August 3, 2014. Fair values included herein have been determined based on quoted market prices or pricing models using current market rates. The information presented below should be read in conjunction with Notes 13 through 15 to the Consolidated Financial Statements.

The table below presents principal cash flows and related interest rates by fiscal year of maturity for debt obligations. Interest rates disclosed on variable-rate debt represent the weighted-average rates at August 3, 2014. Notional amounts and related interest rates of interest rate swaps are presented by fiscal year of maturity. For the swaps, variable rates are the weighted-average forward rates for the term of each contract.

| (Millions) | Expected Fiscal Year of Maturity | | | | | | Total | Fair Value |
|--|----------------------------------|-------|--------|-------|--------|------------|----------|------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | Thereafter | | |
| Debt⁽¹⁾ | | | | | | | | |
| Fixed rate | \$ 318 | \$ 1 | \$ 401 | \$ 1 | \$ 300 | \$ 1,550 | \$ 2,571 | \$ 2,647 |
| Weighted-average interest rate | 3.19% | 1.14% | 3.05% | 1.48% | 4.50% | 4.22% | 3.94% | |
| Variable rate ⁽²⁾ | \$ 1,453 | | | | | | \$ 1,453 | \$ 1,453 |
| Weighted-average interest rate | 0.42% | | | | | | 0.42% | |
| Interest Rate Swaps | | | | | | | | |
| Cash-flow swaps | | | | | | | | |
| Variable to fixed | \$ 250 | | | | | | \$ 250 | \$ 11 |
| Average pay rate | 2.18% | | | | | | 2.18% | |
| Average receive rate | 2.73% | | | | | | 2.73% | |

(1) Excludes unamortized net premium/discount on debt issuances.

(2) Represents \$1.406 billion of USD borrowings and \$47 million equivalent of borrowings in other currencies.

As of July 28, 2013, fixed-rate debt of approximately \$2.9 billion with an average interest rate of 4.07% and variable-rate debt of approximately \$1.6 billion with an average interest rate of 0.45% were outstanding. As of July 28, 2013, the company had swapped \$200 million of fixed-rate debt to variable. The average rate to be received on these swaps was 4.88%, and the average rate to be paid was estimated to be 0.67% over the remaining life of the swaps. The swaps matured in 2014. The cash-flow swaps of \$250 million included in the table were also outstanding as of July 28, 2013.

The company is exposed to foreign exchange risk related to its international operations, including non-functional currency intercompany debt and net investments in subsidiaries. The following table summarizes the cross-currency swaps outstanding as of August 3, 2014, which hedge such exposures. The notional amount of each currency and the related weighted-average forward interest rate are presented in the Cross-Currency Swaps table.

Cross-Currency Swaps

| (Millions) | Fiscal Year of Expiration | Interest Rate | Notional Value | Fair Value |
|----------------------------|------------------------------|---------------|----------------|---------------|
| Pay variable AUD | 2015 | 3.15% | \$ 14 | \$ — |
| Receive variable USD | | 0.62% | | |
| Pay variable CAD | 2015 | 1.39% | \$ 32 | \$ (1) |
| Receive variable USD | | 0.48% | | |
| Pay variable CAD | 2016 | 1.65% | \$ 32 | \$ (1) |
| Receive variable USD | | 0.96% | | |
| Pay variable CAD | 2016 | 1.66% | \$ 64 | \$ (1) |
| Receive variable USD | | 0.96% | | |
| Pay variable AUD | 2016 | 3.50% | \$ 72 | \$ (1) |
| Receive variable USD | | 1.18% | | |
| Pay variable CAD | 2017 | 1.99% | \$ 73 | \$ (1) |
| Receive variable USD | | 1.50% | | |
| Pay variable CAD | 2017 | 1.98% | \$ 72 | \$ (1) |
| Receive variable USD | | 1.50% | | |
| Total | | | <u>\$ 359</u> | <u>\$ (6)</u> |

The cross-currency swap contracts outstanding at July 28, 2013, represented one pay fixed CAD/receive fixed USD swap with a notional value totaling \$60 million, three pay variable AUD/receive variable USD swaps with notional values totaling \$164 million, and three pay variable CAD/receive variable USD swaps with notional values totaling \$159 million. The aggregate notional value of these swap contracts was \$383 million as of July 28, 2013, and the aggregate fair value of these swap contracts was a loss of \$24 million as of July 28, 2013.

The company is also exposed to foreign exchange risk as a result of transactions in currencies other than the functional currency of certain subsidiaries, including subsidiary debt. The company utilizes foreign exchange forward purchase and sale contracts to hedge these exposures. The following table summarizes the foreign exchange forward contracts outstanding and the related weighted-average contract exchange rates as of August 3, 2014.

Forward Exchange Contracts

| (Millions) | Contract Amount | Average Contractual Exchange Rate (currency paid/ currency received) |
|---------------------------|-----------------|--|
| Receive USD/Pay CAD | \$ 144 | 1.1083 |
| Receive DKK/Pay USD | \$ 48 | 0.1807 |
| Receive AUD/Pay NZD | \$ 27 | 1.0864 |
| Receive USD/Pay EUR | \$ 19 | 0.7379 |
| Receive USD/Pay AUD | \$ 12 | 1.1057 |

The company had an additional \$10 million in a number of smaller contracts to purchase or sell various other currencies as of August 3, 2014. The aggregate fair value of all contracts was a loss of \$1 million as of August 3, 2014. The total forward exchange contracts outstanding were \$641 million, and the aggregate fair value was a loss of \$2 million as of July 28, 2013.

The company enters into commodity futures and options contracts to reduce the volatility of price fluctuations for commodities. The notional value of these contracts was \$146 million, and the aggregate fair value of these contracts was a loss of \$9 million as of August 3, 2014. The notional value of these contracts was \$105 million, and the aggregate fair value of these contracts was a loss of \$4 million as of July 28, 2013.

The company enters into swap contracts which hedge a portion of exposures relating to certain deferred compensation obligations linked to the total return of the company's capital stock, the total return of the Vanguard Institutional Index, and the total return of the Vanguard Total International Stock Index. Under these contracts, the company pays variable interest rates and receives from the counterparty either the total return on company capital stock; the total return of the Standard & Poor's 500 Index, which is expected to approximate the total return of the Vanguard Institutional Index; or the total return of the iShares MSCI EAFE Index, which is expected to approximate the total return of the Vanguard Total International Stock Index. The notional value of the contract that is linked to the total return on company capital stock was \$25 million at August 3, 2014 and \$26 million at July 28, 2013. The average forward interest rate applicable to this contract, which expires in 2015, was 0.61% at August 3, 2014. The notional value of the contract that is linked to the return on the Standard & Poor's 500 Index was \$22 million at August 3, 2014 and \$19 million at July 28, 2013. The average forward interest rate applicable to this contract, which expires in 2015, was 0.61% at August 3, 2014. The notional value of the contract that is linked to the total return of the iShares MSCI EAFE Index was \$9 million at August 3, 2014 and \$5 million at July 28, 2013. The average forward interest rate applicable to this contract, which expires in 2015, was 0.56% at August 3, 2014. The fair value of these contracts was a \$3 million loss at August 3, 2014 and a \$2 million gain at July 28, 2013.

The company's utilization of financial instruments in managing market risk exposures described above is consistent with the prior year. Changes in the portfolio of financial instruments are a function of the results of operations, debt repayment and debt issuances, market effects on debt and foreign currency, and the company's acquisition and divestiture activities.

SIGNIFICANT ACCOUNTING ESTIMATES

The consolidated financial statements of the company are prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. See Note 1 to the Consolidated Financial Statements for a discussion of significant accounting policies. The following areas all require the use of subjective or complex judgments, estimates and assumptions:

Trade and consumer promotion programs — The company offers various sales incentive programs to customers and consumers, such as feature price discounts, in-store display incentives, cooperative advertising programs, new product introduction fees, and coupons. The mix between promotion programs, which are classified as reductions in revenue, and advertising or other marketing activities, which are classified as marketing and selling expenses, fluctuates between periods based on the company's overall marketing plans, and such fluctuations have an impact on revenues. The measurement and recognition of the costs for trade and consumer promotion programs involves the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors. Typically, programs that are offered have a very short duration. Historically, the difference between actual experience compared to estimated redemptions and performance has not been significant to the quarterly or annual financial statements. However, actual expenses may differ if the level of redemption rates and performance were to vary from estimates.

Valuation of long-lived assets — Fixed assets and amortizable intangible assets are reviewed for impairment as events or changes in circumstances occur indicating that the carrying value of the asset may not be recoverable. Undiscounted cash flow analyses are used to determine if impairment exists. If impairment is determined to exist, the loss is calculated based on estimated fair value.

Goodwill and intangible assets deemed to have indefinite lives are not amortized but rather are tested at least annually for impairment, or more often if events or changes in circumstances indicate that more likely than not the carrying amount of the asset may not be recoverable. Goodwill is tested for impairment at the reporting unit level. A reporting unit represents an operating segment or a component of an operating segment. Goodwill is tested for impairment by either performing a qualitative evaluation or a two-step quantitative test. The qualitative evaluation is an assessment of factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The company may elect not to perform the qualitative assessment for some or all reporting units and perform a two-step quantitative impairment test. Fair value is determined based on discounted cash flow analyses. The discounted estimates of future cash flows include significant management assumptions such as revenue growth rates, operating margins, weighted average cost of capital, and future economic and market conditions. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired. The amount of the impairment is the difference between the carrying value of the goodwill and the "implied" fair value, which is calculated as if the reporting unit had just been acquired and accounted for as a business combination.

Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Fair value is determined based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average cost of capital, and assumed royalty rates. If the fair value is less than the carrying value, the asset is reduced to fair value.

As of August 3, 2014, the carrying value of goodwill was \$2,433 million. As of August 3, 2014, goodwill related to the acquisitions in 2013 and 2014 was as follows: Bolthouse Farms - \$692 million, Plum - \$128 million and Kelsen - \$140 million. As of the 2014 measurement, the estimated fair value of each reporting unit significantly exceeded the carrying value, excluding the 2013 and 2014 acquisitions. Holding all other assumptions used in the 2014 fair value measurement constant, a 100-basis-point increase in the weighted average cost of capital would not result in the carrying value of any reporting unit, excluding the 2013 and 2014 acquisitions, to be in excess of the fair value. Within the acquisitions, the fair value exceeded the carrying value of reporting units by at least 4% and as a result, holding all other assumptions used in the 2014 fair value measurement constant, a 100-basis-point increase in the weighted average cost of capital would result in the carrying value to be in excess of the fair value. The fair value was based on significant management assumptions. If assumptions are not achieved or market conditions decline, potential impairment charges could result.

As of August 3, 2014, the carrying value of indefinite-lived trademarks was \$957 million. As of August 3, 2014, trademarks related to the acquisitions in 2013 and 2014 were as follows: Bolthouse Farms - \$383 million, Plum - \$115 million and Kelsen - \$147 million. Holding all other assumptions used in the 2014 measurement constant, a 100-basis-point increase in the weighted average cost of capital would reduce the fair value of trademarks, and result in an impairment charge of approximately \$25 million.

In the fourth quarter of 2013, as part of the company's annual review of intangible assets, an impairment charge of \$360 million was recorded on goodwill and \$36 million on trademarks for the simple meals business in Europe. The impairment was attributable to a combination of factors, including the existence of a firm offer to purchase the business; a revised future outlook for the business, with reduced expectations for future sales and discounted cash flows, given the economic uncertainty in the region; future investments required to maintain performance; and management's assumptions on the weighted average cost of capital. On August 12, 2013, the company announced that it was in final and exclusive negotiations for the potential sale of this business. The company has reflected the results of the business as discontinued operations in the Consolidated Statements of Earnings for all years presented. The business was historically included in the International Simple Meals and Beverages segment. The assets and liabilities have been reflected in assets and liabilities held for sale in the Consolidated Balance Sheet as of July 28, 2013. On October 28, 2013, the company completed the sale of its European simple meals business. See Note 4 to the Consolidated Financial Statements for additional information on discontinued operations.

In 2012, as part of the company's annual review of intangible assets, an impairment charge of \$3 million was recognized related to a trademark used in the European simple meals business, formerly included in the International Simple Meals and Beverages segment. The trademark was determined to be impaired as a result of a decrease in the fair value of the brand, resulting from reduced expectations for future sales and discounted cash flows in comparison to the prior year.

The estimates of future cash flows involve considerable management judgment and are based upon assumptions about expected future operating performance, economic conditions, market conditions, and cost of capital. Inherent in estimating the future cash flows are uncertainties beyond the company's control, such as capital markets. The actual cash flows could differ materially from management's estimates due to changes in business conditions, operating performance, and economic conditions.

See also Note 6 to the Consolidated Financial Statements for additional information on goodwill and intangible assets.

Pension and postretirement benefits — The company provides certain pension and postretirement benefits to employees and retirees. Determining the cost associated with such benefits is dependent on various actuarial assumptions, including discount rates, expected return on plan assets, compensation increases, turnover rates and health care trend rates. Independent actuaries, in accordance with accounting principles generally accepted in the United States, perform the required calculations to determine expense. Actual results that differ from the actuarial assumptions are generally accumulated and amortized over future periods.

The discount rate is established as of the company's fiscal year-end measurement date. In establishing the discount rate, the company reviews published market indices of high-quality debt securities, adjusted as appropriate for duration. In addition, independent actuaries apply high-quality bond yield curves to the expected benefit payments of the plans. The expected return on plan assets is a long-term assumption based upon historical experience and expected future performance, considering the company's current and projected investment mix. This estimate is based on an estimate of future inflation, long-term projected real returns for each asset class, and a premium for active management. Within any given fiscal period, significant differences may arise between the actual return and the expected return on plan assets. The value of plan assets, used in the calculation of pension expense, is determined on a calculated method that recognizes 20% of the difference between the actual fair value of assets and the expected calculated method. Gains and losses resulting from differences between actual experience and the assumptions are determined at each measurement date. If the net gain or loss exceeds 10% of the greater of plan assets or liabilities, a portion is amortized into earnings in the following year.

Net periodic pension and postretirement expense was \$109 million in 2014, \$130 million in 2013 and \$102 million in 2012.

Significant weighted-average assumptions as of the end of the year were as follows:

| | 2014 | 2013 | 2012 |
|---|-------|-------|-------|
| <u>Pension</u> | | | |
| Discount rate for benefit obligations | 4.33% | 4.82% | 4.05% |
| Expected return on plan assets | 7.62% | 7.62% | 7.65% |
| <u>Postretirement</u> | | | |
| Discount rate for obligations | 4.00% | 4.50% | 3.75% |
| Initial health care trend rate | 8.25% | 8.25% | 8.25% |
| Ultimate health care trend rate | 4.50% | 4.50% | 4.50% |

Estimated sensitivities to annual net periodic pension cost are as follows: a 50-basis-point reduction in the discount rate would increase expense by approximately \$12 million; a 50-basis-point reduction in the estimated return on assets assumption would increase expense by approximately \$12 million. A one-percentage-point increase in assumed health care costs would increase postretirement service and interest cost by approximately \$1 million.

Net periodic pension and postretirement expense is expected to decrease to approximately \$75 million in 2015. The reduction is primarily due to pension settlement charges of \$22 million recognized in 2014 associated with a U.S. pension plan. The settlements resulted from the level of lump sum distributions from the plan's assets in 2014, primarily due to the closure of the facility in Sacramento, California.

The company contributed \$35 million, \$75 million and \$55 million, respectively, to U.S. pension plans in 2014, 2013 and 2012. Contributions to non-U.S. plans were \$12 million in 2014 and 2013, and \$16 million in 2012. The company does not expect to contribute to the U.S. pension plans in 2015. Contributions to non-U.S. plans are expected to be approximately \$6 million in 2015.

See also Note 11 to the Consolidated Financial Statements for additional information on pension and postretirement expenses.

Income taxes — The effective tax rate reflects statutory tax rates, tax planning opportunities available in the various jurisdictions in which the company operates and management's estimate of the ultimate outcome of various tax audits and issues. Significant judgment is required in determining the effective tax rate and in evaluating tax positions. Income taxes are recorded based on amounts refundable or payable in the current year and include the effect of deferred taxes. Deferred tax assets and liabilities are recognized for the future impact of differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. Valuation allowances are established for deferred tax assets when it is more likely than not that a tax benefit will not be realized.

See also Notes 1 and 12 to the Consolidated Financial Statements for further discussion on income taxes.

RECENT ACCOUNTING PRONOUNCEMENTS

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

CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

This Report contains "forward-looking" statements that reflect the company's current expectations regarding future results of operations, economic performance, financial condition and achievements of the company. The company tries, wherever possible, to identify these forward-looking statements by using words such as "anticipate," "believe," "estimate," "expect," "will" and similar expressions. One can also identify them by the fact that they do not relate strictly to historical or current facts. These statements reflect the company's current plans and expectations and are based on information currently available to it. They rely on a number of assumptions regarding future events and estimates which could be inaccurate and which are inherently subject to risks and uncertainties.

The company wishes to caution the reader that the following important factors and those important factors described in Part 1, Item 1A and elsewhere in this Report, or in other Securities and Exchange Commission filings of the company, could affect the company's actual results and could cause such results to vary materially from those expressed in any forward-looking statements made by, or on behalf of, the company:

- the impact of strong competitive response to the company's efforts to leverage its brand power with product innovation, promotional programs and new advertising;
- the impact of changes in consumer demand for the company's products;

- the risks in the marketplace associated with trade and consumer acceptance of product improvements, shelving initiatives, new products, and pricing and promotional strategies;
- the company’s ability to achieve sales and earnings guidance, which is based on assumptions about sales volume, product mix, the development and success of new products, the impact of marketing, promotional and pricing actions, product costs and currency;
- the company’s ability to realize projected cost savings and benefits, including restructuring initiatives;
- the company’s ability to successfully manage changes to its business processes, including selling, distribution, manufacturing and information management systems;
- the practices and increased significance of certain of the company’s key customers;
- the impact of new or changing inventory management practices by the company’s customers;
- the impact of fluctuations in the supply of and inflation in energy, raw and packaging materials cost;
- the impact of completing and integrating acquisitions, divestitures and other portfolio changes;
- the uncertainties of litigation described from time to time in the company’s Securities and Exchange Commission filings;
- the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions and other external factors; and
- the impact of unforeseen business disruptions in one or more of the company’s markets due to political instability, civil disobedience, armed hostilities, natural disasters or other calamities.

This discussion of uncertainties is by no means exhaustive but is designed to highlight important factors that may impact the company’s outlook. The company disclaims any obligation or intent to update forward-looking statements made by the company in order to reflect new information, events or circumstances after the date they are made.

Item 7A. *Quantitative and Qualitative Disclosure About Market Risk*

The information presented in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Market Risk Sensitivity” is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

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

| | 2014 | 2013 | 2012 |
|---|-----------------|-----------------|-----------------|
| | 53 weeks | 52 weeks | 52 weeks |
| Net sales | \$ 8,268 | \$ 8,052 | \$ 7,175 |
| Costs and expenses | | | |
| Cost of products sold | 5,370 | 5,140 | 4,365 |
| Marketing and selling expenses | 935 | 947 | 941 |
| Administrative expenses | 573 | 677 | 580 |
| Research and development expenses | 121 | 128 | 116 |
| Other expenses / (income) | 22 | 29 | 11 |
| Restructuring charges | 55 | 51 | 7 |
| Total costs and expenses | 7,076 | 6,972 | 6,020 |
| Earnings before interest and taxes | 1,192 | 1,080 | 1,155 |
| Interest expense | 122 | 135 | 114 |
| Interest income | 3 | 10 | 8 |
| Earnings before taxes | 1,073 | 955 | 1,049 |
| Taxes on earnings | 347 | 275 | 325 |
| Earnings from continuing operations | 726 | 680 | 724 |
| Earnings (loss) from discontinued operations | 81 | (231) | 40 |
| Net earnings | 807 | 449 | 764 |
| Less: Net earnings (loss) attributable to noncontrolling interests | (11) | (9) | (10) |
| Net earnings attributable to Campbell Soup Company | \$ 818 | \$ 458 | \$ 774 |
| Per Share — Basic | | | |
| Earnings from continuing operations attributable to Campbell Soup Company ... | \$ 2.35 | \$ 2.19 | \$ 2.30 |
| Earnings (loss) from discontinued operations | .26 | (.74) | .12 |
| Net earnings attributable to Campbell Soup Company | \$ 2.61 | \$ 1.46 | \$ 2.43 |
| Weighted average shares outstanding — basic | 314 | 314 | 317 |
| Per Share — Assuming Dilution | | | |
| Earnings from continuing operations attributable to Campbell Soup Company ... | \$ 2.33 | \$ 2.17 | \$ 2.29 |
| Earnings (loss) from discontinued operations | .26 | (.73) | .12 |
| Net earnings attributable to Campbell Soup Company | \$ 2.59 | \$ 1.44 | \$ 2.41 |
| Weighted average shares outstanding — assuming dilution | 316 | 317 | 319 |

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

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Comprehensive Income
(millions)

| | 2014 | | | 2013 | | | 2012 | | |
|---|----------------|-----------------------|------------------|----------------|-----------------------|------------------|----------------|-----------------------|------------------|
| | Pre-tax amount | Tax (expense) benefit | After-tax amount | Pre-tax amount | Tax (expense) benefit | After-tax amount | Pre-tax amount | Tax (expense) benefit | After-tax amount |
| Net earnings | | | \$ 807 | | | \$ 449 | | | \$ 764 |
| Other comprehensive income (loss): | | | | | | | | | |
| Foreign currency translation: | | | | | | | | | |
| Foreign currency translation adjustments | \$ (12) | \$ (1) | (13) | \$ (95) | \$ 3 | (92) | \$ (127) | \$ (8) | (135) |
| Reclassification of currency translation adjustments realized upon disposal of business | (22) | 3 | (19) | — | — | — | — | — | — |
| Cash-flow hedges: | | | | | | | | | |
| Unrealized gains (losses) arising during period | (12) | 4 | (8) | 20 | (8) | 12 | 15 | (5) | 10 |
| Reclassification adjustment for (gains) losses included in net earnings | — | — | — | 4 | (1) | 3 | — | — | — |
| Pension and other postretirement benefits: | | | | | | | | | |
| Net actuarial gain (loss) arising during the period | (55) | 20 | (35) | 322 | (103) | 219 | (428) | 151 | (277) |
| Reclassification of prior service credit included in net earnings | (2) | — | (2) | (2) | — | (2) | (1) | — | (1) |
| Reclassification of net actuarial loss included in net earnings | 113 | (39) | 74 | 124 | (54) | 70 | 83 | (29) | 54 |
| Other comprehensive income (loss) | \$ 10 | \$ (13) | (3) | \$ 373 | \$ (163) | 210 | \$ (458) | \$ 109 | (349) |
| Total comprehensive income (loss) | | | \$ 804 | | | \$ 659 | | | \$ 415 |
| Total comprehensive income (loss) attributable to noncontrolling interests | | | (10) | | | (10) | | | (10) |
| Total comprehensive income (loss) attributable to Campbell Soup Company | | | \$ 814 | | | \$ 669 | | | \$ 425 |

See accompanying Notes to Consolidated Financial Statements.

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

| | August 3, 2014 | July 28, 2013 |
|--|-------------------|------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 232 | \$ 333 |
| Accounts receivable, net | 670 | 635 |
| Inventories | 1,016 | 925 |
| Other current assets | 182 | 135 |
| Current assets of discontinued operations held for sale | — | 193 |
| Total current assets | 2,100 | 2,221 |
| Plant assets, net of depreciation | 2,318 | 2,260 |
| Goodwill | 2,433 | 2,297 |
| Other intangible assets, net of amortization | 1,175 | 1,021 |
| Other assets | 87 | 131 |
| Non-current assets of discontinued operations held for sale | — | 393 |
| Total assets | \$ 8,113 | \$ 8,323 |
| Current liabilities | | |
| Short-term borrowings | \$ 1,771 | \$ 1,909 |
| Payable to suppliers and others | 527 | 523 |
| Accrued liabilities | 553 | 617 |
| Dividend payable | 101 | 100 |
| Accrued income taxes | 37 | 19 |
| Current liabilities of discontinued operations held for sale | — | 114 |
| Total current liabilities | 2,989 | 3,282 |
| Long-term debt | 2,244 | 2,544 |
| Deferred taxes | 548 | 489 |
| Other liabilities | 729 | 776 |
| Non-current liabilities of discontinued operations held for sale | — | 22 |
| Total liabilities | 6,510 | 7,113 |
| Commitments and contingencies | | |
| Campbell Soup Company shareholders' equity | | |
| Preferred stock; authorized 40 shares; none issued | — | — |
| Capital stock, \$.0375 par value; authorized 560 shares; issued 323 shares | 12 | 12 |
| Additional paid-in capital | 330 | 362 |
| Earnings retained in the business | 2,198 | 1,772 |
| Capital stock in treasury, at cost | (356) | (364) |
| Accumulated other comprehensive loss | (569) | (565) |
| Total Campbell Soup Company shareholders' equity | 1,615 | 1,217 |
| Noncontrolling interests | (12) | (7) |
| Total equity | 1,603 | 1,210 |
| Total liabilities and equity | \$ 8,113 | \$ 8,323 |

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Cash Flows
(millions)

| | 2014 | 2013 | 2012 |
|--|---------------|----------------|---------------|
| | 53 weeks | 52 weeks | 52 weeks |
| Cash flows from operating activities: | | | |
| Net earnings | \$ 807 | \$ 449 | \$ 764 |
| Adjustments to reconcile net earnings to operating cash flow | | | |
| Impairment charge | — | 396 | — |
| Restructuring charges | 55 | 51 | 10 |
| Stock-based compensation | 57 | 113 | 79 |
| Depreciation and amortization | 305 | 407 | 262 |
| Deferred income taxes | 11 | (171) | 45 |
| Gain on sale of business | (141) | — | — |
| Other, net | 118 | 155 | 118 |
| Changes in working capital | | | |
| Accounts receivable | (38) | (48) | (18) |
| Inventories | (56) | (146) | 32 |
| Prepaid assets | (22) | 5 | (3) |
| Accounts payable and accrued liabilities | (93) | (69) | (19) |
| Pension fund contributions | (47) | (87) | (71) |
| Receipts from (payments of) hedging activities | (4) | 22 | 7 |
| Other | (53) | (58) | (86) |
| Net cash provided by operating activities | 899 | 1,019 | 1,120 |
| Cash flows from investing activities: | | | |
| Purchases of plant assets | (347) | (336) | (323) |
| Sales of plant assets | 22 | 5 | 1 |
| Businesses acquired, net of cash acquired | (329) | (1,806) | — |
| Sale of business, net of cash divested | 520 | — | — |
| Other, net | — | (17) | (1) |
| Net cash used in investing activities | (134) | (2,154) | (323) |
| Cash flows from financing activities: | | | |
| Net short-term borrowings (repayments) | 208 | 825 | (257) |
| Long-term borrowings (repayments) | (2) | 1,250 | — |
| Repayments of notes payable | (700) | (400) | — |
| Dividends paid | (391) | (367) | (373) |
| Treasury stock purchases | (76) | (153) | (412) |
| Treasury stock issuances | 18 | 83 | 112 |
| Excess tax benefits on stock-based compensation | 13 | 12 | 8 |
| Contributions from noncontrolling interest | 5 | 3 | 2 |
| Other, net | — | (16) | — |
| Net cash provided by (used in) financing activities | (925) | 1,237 | (920) |
| Effect of exchange rate changes on cash | (9) | (36) | (26) |
| Net change in cash and cash equivalents | (169) | 66 | (149) |
| Cash and cash equivalents continuing operations — beginning of period | 333 | 335 | 484 |
| Cash and cash equivalents discontinued operations — beginning of period | 68 | — | — |
| Cash and cash equivalents discontinued operations — end of period | — | (68) | — |
| Cash and cash equivalents continuing operations — end of period | \$ 232 | \$ 333 | \$ 335 |

See accompanying Notes to Consolidated Financial Statements.

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

Campbell Soup Company Shareholders' Equity

| | Capital Stock | | Additional Paid-in Capital | Earnings Retained in the Business | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests | Total Equity | | |
|--|---------------|--------|----------------------------------|--|--|-----------------------------|-----------------|-------------|--------------|
| | Issued | | | | | | | In Treasury | |
| | Shares | Amount | | | | | | Shares | Amount |
| Balance at July 31, 2011 | 542 | \$ 20 | (222) | \$ (8,021) | \$ 331 | \$ 9,185 | \$ (427) | \$ 8 | \$ 1,096 |
| Contribution from noncontrolling interest | | | | | | | | 2 | 2 |
| Net earnings (loss) | | | | | 774 | | | (10) | 764 |
| Other comprehensive income (loss) | | | | | | | (349) | — | (349) |
| Dividends (\$1.16 per share) | | | | | (375) | | | | (375) |
| Treasury stock purchased | | | (13) | (412) | | | | | (412) |
| Treasury stock issued under management incentive and stock option plans | | | 5 | 174 | (2) | | | | 172 |
| Balance at July 29, 2012 | 542 | 20 | (230) | (8,259) | 329 | 9,584 | (776) | — | 898 |
| Contribution from noncontrolling interest | | | | | | | | 3 | 3 |
| Net earnings (loss) | | | | | 458 | | | (9) | 449 |
| Other comprehensive income (loss) | | | | | | | 211 | (1) | 210 |
| Dividends (\$1.16 per share) | | | | | (371) | | | | (371) |
| Treasury stock purchased | | | (4) | (153) | | | | | (153) |
| Treasury stock retired | (219) | (8) | 219 | 7,907 | | (7,899) | | | — |
| Treasury stock issued under management incentive and stock option plans | | | 4 | 141 | 33 | | | | 174 |
| Balance at July 28, 2013 | 323 | 12 | (11) | (364) | 362 | 1,772 | (565) | (7) | 1,210 |
| Contribution from noncontrolling interest | | | | | | | | 5 | 5 |
| Net earnings (loss) | | | | | 818 | | | (11) | 807 |
| Other comprehensive income (loss) | | | | | | | (4) | 1 | (3) |
| Dividends (\$1.248 per share) | | | | | (392) | | | | (392) |
| Treasury stock purchased | | | (2) | (76) | | | | | (76) |
| Treasury stock issued under management incentive and stock option plans | | | 3 | 84 | (32) | | | | 52 |
| Balance at August 3, 2014 | 323 | \$ 12 | (10) | \$ (356) | \$ 330 | \$ 2,198 | \$ (569) | \$ (12) | \$ 1,603 |

See accompanying Notes to Consolidated Financial Statements.

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

1. Summary of Significant Accounting Policies

Campbell Soup Company, together with its subsidiaries (the company), is a manufacturer and marketer of high-quality, branded convenience food products.

Basis of Presentation — The consolidated financial statements include the accounts of the company and entities in which the company maintains a controlling financial interest. Intercompany transactions are eliminated in consolidation. Certain amounts in prior-year financial statements were reclassified to conform to the current-year presentation. The company's fiscal year ends on the Sunday nearest July 31. There were 53 weeks in 2014, and 52 weeks in 2013 and 2012.

Use of Estimates — Generally accepted accounting principles require management to make estimates and assumptions that affect assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Revenue Recognition — Revenues are recognized when the earnings process is complete. This occurs when products are shipped in accordance with terms of agreements, title and risk of loss transfer to customers, collection is probable and pricing is fixed or determinable. Revenues are recognized net of provisions for returns, discounts and allowances. Certain sales promotion expenses, such as feature price discounts, in-store display incentives, cooperative advertising programs, new product introduction fees and coupon redemption costs, are classified as a reduction of sales. The recognition of costs for promotion programs involves the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors. Costs are recognized either upon sale or when the incentive is offered, based on the program. Revenues are presented on a net basis for arrangements under which suppliers perform certain additional services.

Cash and Cash Equivalents — All highly liquid debt instruments purchased with a maturity of three months or less are classified as cash equivalents.

Inventories — All inventories are valued at the lower of average cost or market.

Property, Plant and Equipment — Property, plant and equipment are recorded at historical cost and are depreciated over estimated useful lives using the straight-line method. Buildings and machinery and equipment are depreciated over periods not exceeding 45 years and 20 years, respectively. Assets are evaluated for impairment when conditions indicate that the carrying value may not be recoverable. Such conditions include significant adverse changes in business climate or a plan of disposal. Repairs and maintenance are charged to expense as incurred.

Goodwill and Intangible Assets — Goodwill and intangible assets deemed to have indefinite lives are not amortized but rather are tested at least annually for impairment, or when circumstances indicate that the carrying amount of the asset may not be recoverable. Goodwill is tested for impairment at the reporting unit level. A reporting unit is an operating segment or a component of an operating segment. Goodwill is tested for impairment by either performing a qualitative evaluation or a two-step quantitative test. The qualitative evaluation is an assessment of factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The company may elect not to perform the qualitative assessment for some or all reporting units and perform a two-step quantitative impairment test. Fair value is determined based on discounted cash flow analyses. The discounted estimates of future cash flows include significant management assumptions such as revenue growth rates, operating margins, weighted average cost of capital, and future economic and market conditions. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired. The amount of the impairment is the difference between the carrying value of the goodwill and the “implied” fair value, which is calculated as if the reporting unit had just been acquired and accounted for as a business combination.

Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Fair value is determined based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average cost of capital, and assumed royalty rates. If the fair value is less than the carrying value, the asset is reduced to fair value.

See Note 6 for information on intangible assets and an impairment charge recognized in 2013.

Derivative Financial Instruments — The company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in foreign currency exchange rates, interest rates, commodities and equity-linked employee benefit obligations. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The company's derivative programs include strategies that qualify and strategies that do not qualify for hedge accounting treatment. To qualify for hedge accounting, the hedging relationship, both at inception of the hedge and on an ongoing basis, is expected to be highly effective in achieving offsetting changes in the fair value of the hedged risk during the period that the hedge is designated.

All derivatives are recognized on the balance sheet at fair value. For derivatives that qualify for hedge accounting, on the date the derivative contract is entered into, the company designates the derivative as a hedge of the fair value of a recognized asset or liability or a firm commitment (fair-value hedge), a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge), or a hedge of a net investment in a foreign operation. Some derivatives may also be considered natural hedging instruments (changes in fair value act as economic offsets to changes in fair value of the underlying hedged item) and are not designated for hedge accounting.

Changes in the fair value of a fair-value hedge, along with the gain or loss on the underlying hedged asset or liability (including losses or gains on firm commitments), are recorded in current-period earnings. The effective portion of gains and losses on cash-flow hedges are recorded in other comprehensive income (loss), until earnings are affected by the variability of cash flows. If the hedge is no longer effective, all changes in the fair value of the derivative are included in earnings each period until the instrument matures. If a derivative is used as a hedge of a net investment in a foreign operation, its changes in fair value, to the extent effective as a hedge, are recorded in other comprehensive income (loss). Any ineffective portion of designated hedges is recognized in current-period earnings. Changes in the fair value of derivatives that are not designated for hedge accounting are recognized in current-period earnings.

Cash flows from derivative contracts are included in Net cash provided by operating activities.

Advertising Production Costs — Advertising production costs are expensed in the period that the advertisement first takes place or when a decision is made not to use an advertisement.

Research and Development Costs — The costs of research and development are expensed as incurred. Costs include expenditures for new product and manufacturing process innovation, and improvements to existing products and processes. Costs primarily consist of salaries, wages, consulting, and depreciation and maintenance of research facilities and equipment.

Income Taxes — Deferred tax assets and liabilities are recognized for the future impact of differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

2. Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (FASB) issued guidance related to disclosures about offsetting (netting) of assets and liabilities in the statement of financial position. The guidance requires entities to disclose gross information and net information about both instruments and transactions that are offset in the statement of financial position, and instruments and transactions subject to an agreement similar to a master netting arrangement. The scope includes financial instruments and derivative instruments. In January 2013, the FASB issued an amendment to the guidance to limit the scope of the new balance sheet offsetting disclosures to derivatives, repurchase agreements, and securities lending transactions to the extent that they are offset in the financial statements or subject to an enforceable master netting arrangement or similar arrangement. The disclosures were required for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. The company adopted the guidance in the first quarter of 2014. The adoption resulted in additional disclosures, but did not have an impact on the company's consolidated financial statements. See Note 14.

In July 2012, the FASB issued revised guidance intended to simplify how an entity tests indefinite-lived intangible assets for impairment. The amendments will allow an entity first to assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. An entity will no longer be required to calculate the fair value of an indefinite-lived intangible asset and perform the quantitative test unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments are effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The company adopted the guidance in 2014. The adoption did not have an impact on the company's consolidated financial statements.

In February 2013, the FASB issued guidance for the recognition, measurement, and disclosure of certain obligations resulting from joint and several liability arrangements for which the total amount is fixed. Such obligations may include debt arrangements, legal settlements, and other contractual arrangements. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, and should be applied retrospectively to all prior periods presented for those obligations within scope that existed as of the beginning of the fiscal year of adoption. Early adoption is permitted. The company does not expect the adoption to have a material impact on the company's consolidated financial statements.

In March 2013, the FASB issued guidance on the accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. The guidance is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The company will apply the guidance to applicable transactions.

In July 2013, the FASB issued guidance which permits an entity to designate the Fed Funds Effective Swap Rate, also referred to as the overnight index swap rate, as a benchmark interest rate in a hedge accounting relationship. In addition, the guidance removes the restriction on using different benchmark interest rates for similar hedges. The guidance was effective in July 2013. The company will apply the guidance to applicable transactions.

In July 2013, the FASB issued guidance on the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance requires the netting of unrecognized tax benefits (UTBs) against a deferred tax asset for a loss or other carryforward that would apply in settlement of uncertain tax positions. Under the new standard, UTBs will be netted against all available same-jurisdiction loss or other tax carryforwards that would be utilized, rather than only against carryforwards that are created by the UTBs. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, and should be applied prospectively to all UTBs that exist at the effective date. Retrospective application is permitted. The company does not expect the adoption to have a material impact on the company's consolidated financial statements.

In April 2014, the FASB issued revised guidance redefining discontinued operations, which changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. The guidance is effective for fiscal years beginning on or after December 15, 2014, and interim periods within those years. Early adoption is permitted. The company will prospectively apply the guidance to applicable transactions.

In May 2014, the FASB issued revised guidance on the recognition of revenue from contracts with customers. The guidance is designed to create greater comparability for financial statement users across industries and jurisdictions. The guidance also requires enhanced disclosures. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted. The company is currently evaluating the new guidance.

3. Acquisitions

On August 8, 2013, the company completed the acquisition of Kelsen Group A/S (Kelsen). The final all-cash purchase price was \$331. Kelsen is a producer of quality baked snacks that are sold in 85 countries around the world. Its primary brands include *Kjeldsens* and *Royal Dansk*.

The excess of the purchase price over the estimated fair values of identifiable net assets was recorded as \$140 of goodwill. The goodwill is not expected to be deductible for tax purposes. The goodwill was primarily attributable to future growth opportunities and any intangible assets that did not qualify for separate recognition. The goodwill is included in the Global Baking and Snacking segment.

The acquisition of Kelsen contributed \$193 to Net sales and \$8 to Net Earnings from August 8, 2013 through August 3, 2014.

On June 13, 2013, the company completed the acquisition of Plum, PBC (Plum). The final all-cash purchase price was \$249. Plum is a leading provider of premium, organic foods and snacks that serve the nutritional needs of babies, toddlers and children.

The acquisition of Plum contributed \$88 to Net sales and resulted in a decrease of \$19 to Net earnings for 2014. The 2014 results included \$11 of after-tax costs incurred from a voluntary product recall (see Note 20 for additional details). The acquisition also contributed \$14 to Net sales and resulted in a decrease of \$2 to Net earnings from June 13, 2013 through July 28, 2013.

The excess of the purchase price over the estimated fair values of identifiable net assets was recorded as \$128 of goodwill. The goodwill is not expected to be deductible for tax purposes. The goodwill was primarily attributable to future growth opportunities and any intangible assets that did not qualify for separate recognition. The goodwill is included in the U.S. Simple Meals segment.

On August 6, 2012, the company completed the acquisition of BF Bolthouse Holdco LLC (Bolthouse Farms) from a fund managed by Madison Dearborn Partners, LLC, a private equity firm, for \$1,550 in cash, subject to customary purchase price adjustments. On August 6, 2012, the preliminary purchase price adjustments resulted in an increase in the purchase price of \$20. In the third quarter of 2013, the purchase price adjustments were finalized and reduced to \$11. Bolthouse Farms is a vertically integrated food and beverage company focused on developing, manufacturing and marketing fresh carrots and proprietary, high value-added products.

The acquisition of Bolthouse Farms contributed \$756 to Net sales and \$18 to Net earnings from August 6, 2012 through July 28, 2013. The company incurred transaction costs of \$10 (\$7 after tax) in the first quarter of 2013 and \$5 (\$3 after tax) in the fourth quarter of 2012 related to this acquisition. The costs were recorded in Other expenses/(income).

The excess of the purchase price over the estimated fair values of identifiable net assets was recorded as \$692 of goodwill. Of this amount, \$284 is expected to be deductible for tax purposes. The goodwill was primarily attributable to future growth opportunities and any intangible assets that did not qualify for separate recognition. The goodwill is included in the Bolthouse and Foodservice segment.

The acquired assets and assumed liabilities include the following:

| | Kelsen | Plum | Bolthouse |
|---|---------------|---------------|------------------|
| Cash | \$ 2 | \$ 1 | \$ 3 |
| Accounts receivable | 20 | 15 | 74 |
| Inventories | 50 | 20 | 122 |
| Other current assets | 2 | 1 | 8 |
| Plant assets | 47 | 2 | 335 |
| Goodwill | 140 | 128 | 692 |
| Other intangible assets | 173 | 133 | 580 |
| Other assets | — | — | 8 |
| Short-term debt | (32) | — | (1) |
| Accounts payable | (13) | (12) | (59) |
| Accrued liabilities | (10) | (5) | (29) |
| Long-term debt | (4) | — | (1) |
| Deferred income taxes | (44) | (34) | (156) |
| Other liabilities | — | — | (15) |
| Total assets acquired and liabilities assumed | <u>\$ 331</u> | <u>\$ 249</u> | <u>\$ 1,561</u> |

The identifiable intangible assets of Kelsen consist of \$147 in non-amortizable trademarks, \$4 in amortizable trademarks to be amortized over 10 years and \$22 in customer relationships to be amortized over 10 to 15 years. The identifiable intangible assets of Plum consist of \$115 in non-amortizable trademarks and \$18 in customer relationships to be amortized over 15 years.

The identifiable intangible assets of Bolthouse consist of:

| | Type | Life in Years | Value |
|--|-----------------|--------------------------|---------------|
| Trademarks | Non-amortizable | Indefinite | \$ 383 |
| Customer relationships | Amortizable | 20 | 132 |
| Distributor relationship | Amortizable | 7 | 2 |
| Technology and patents | Amortizable | 9 to 17 | 43 |
| Formula and recipes | Amortizable | 5 | 20 |
| Total identifiable intangible assets | | | <u>\$ 580</u> |

The following unaudited summary information is presented on a consolidated pro forma basis as if the Kelsen acquisition had occurred on July 30, 2012 and the Plum and Bolthouse acquisitions had occurred on August 1, 2011:

| | 2014 | 2013 | 2012 |
|---|-----------------|-------------|-------------|
| Net sales | \$ 8,272 | \$ 8,327 | \$ 7,941 |
| Earnings from continuing operations attributable to Campbell Soup Company | \$ 738 | \$ 684 | \$ 711 |
| Earnings per share from continuing operations attributable to Campbell Soup Company | \$ 2.34 | \$ 2.16 | \$ 2.22 |

The pro forma amounts include transaction costs, additional interest expense on the debt issued to finance the purchases, amortization and depreciation expense based on the estimated fair value and useful lives of intangible assets and plant assets, and related tax effects. The pro forma results are not necessarily indicative of the combined results had the Kelsen acquisition been completed on July 30, 2012 and the Plum and Bolthouse acquisitions been completed on August 1, 2011, nor are they indicative of future combined results.

4. Discontinued Operations

On October 28, 2013, the company completed the sale of its European simple meals business to Soppa Investments S.à r.l., an affiliate of CVC Capital Partners. The all-cash preliminary sale price was €400, or \$548, and was subject to certain post-closing adjustments, which resulted in a \$14 reduction of proceeds. The company recognized a pre-tax gain of \$141 (\$72 after tax or \$.23 per share) in 2014. The European business included the *Erasco* and *Heisse Tasse* soups in Germany; *Liebig* and *Royco* soups in France; *Devos Lemmens* mayonnaise and cold sauces and *Royco* soups in Belgium; and *Blå Band* and *Isomitta* soups and sauces in Sweden. The company used the proceeds from the sale to pay taxes on the sale, reduce debt and for other general corporate purposes.

In the fourth quarter of 2013, the company recorded an impairment charge on the intangible assets of this business of \$396 (\$263 after tax or \$.83 per share). In addition, the company recorded \$18 in tax expense (\$.06 per share) representing taxes on the difference between the book value and tax basis of the business. See Note 6 for additional information on the impairment charge.

The company has reflected the results of the European simple meals business as discontinued operations in the Consolidated Statements of Earnings for all years presented. The business was historically included in the International Simple Meals and Beverages segment.

Results of discontinued operations were as follows:

| | 2014 | 2013 | 2012 |
|--|---------------|-----------------|---------------|
| Net sales | <u>\$ 137</u> | <u>\$ 532</u> | <u>\$ 532</u> |
| Gain on sale of the European simple meals business | \$ 141 | \$ — | \$ — |
| Impairment on the European simple meals business | — | (396) | — |
| Earnings from operations, before taxes | <u>14</u> | <u>65</u> | <u>57</u> |
| Earnings (loss) before taxes | <u>\$ 155</u> | <u>\$ (331)</u> | <u>\$ 57</u> |
| Taxes on earnings | (74) | 100 | (17) |
| Earnings (loss) from discontinued operations | <u>\$ 81</u> | <u>\$ (231)</u> | <u>\$ 40</u> |

The assets and liabilities of the business have been reflected in assets and liabilities held for sale in the Consolidated Balance Sheet as of July 28, 2013, and are comprised of the following:

| | July 28, 2013 |
|--|------------------|
| Cash | \$ 68 |
| Accounts receivable | 54 |
| Inventories | 68 |
| Prepaid expenses | 3 |
| Current assets | <u>\$ 193</u> |
| Plant assets | \$ 98 |
| Goodwill | 110 |
| Intangible assets | 150 |
| Other assets | 35 |
| Non-current assets | <u>\$ 393</u> |
| Accounts payable | \$ 60 |
| Accrued liabilities | 54 |
| Current liabilities | <u>\$ 114</u> |
| Non-current pension obligation | \$ 11 |
| Other liabilities | 11 |
| Non-current liabilities | <u>\$ 22</u> |

5. Accumulated Other Comprehensive Income (Loss)

The components of Accumulated other comprehensive income (loss) consisted of the following:

| | Foreign Currency Translation Adjustments ⁽¹⁾ | Gains (Losses) on Cash Flow Hedges ⁽²⁾ | Pension and Postretirement Benefit Plan Adjustments ⁽³⁾ | Total Accumulated Comprehensive Income (Loss) |
|--|--|---|---|--|
| Balance at July 29, 2012 | \$ 261 | \$ (10) | \$ (1,027) | \$ (776) |
| Other comprehensive income (loss) before reclassifications | (91) | 12 | 219 | 140 |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | 3 | 68 | 71 |
| Net current-period other comprehensive income (loss) | (91) | 15 | 287 | 211 |
| Balance at July 28, 2013 | \$ 170 | \$ 5 | \$ (740) | \$ (565) |
| Other comprehensive income (loss) before reclassifications | (14) | (8) | (35) | (57) |
| Amounts reclassified from accumulated other comprehensive income (loss) | (19) | — | 72 | 53 |
| Net current-period other comprehensive income (loss) | (33) | (8) | 37 | (4) |
| Balance at August 3, 2014 | \$ 137 | \$ (3) | \$ (703) | \$ (569) |

(1) Included a tax expense of \$7 as of August 3, 2014, \$9 as of July 28, 2013 and \$12 as of July 29, 2012. The amount reclassified from other comprehensive income was related to the divestiture of the European simple meals business and was included in Earnings (loss) from discontinued operations.

(2) Included a tax benefit of \$1 as of August 3, 2014, a tax expense of \$3 as of July 28, 2013 and a tax benefit of \$6 as of July 29, 2012.

(3) Included a tax benefit of \$405 as of August 3, 2014, \$424 as of July 28, 2013 and \$581 as of July 29, 2012. The amount reclassified in 2014 from other comprehensive income included pre-tax settlement charges of \$22, or \$14 after tax.

Amounts related to noncontrolling interests were not material.

The amounts reclassified from Accumulated other comprehensive income (loss) consisted of the following:

| Details about Accumulated Other Comprehensive Income Components | 2014 | 2013 | 2012 | Location of (Gain) Loss Recognized in Earnings |
|---|--------|--------|--------|--|
| (Gains) losses on cash flow hedges: | | | | |
| Foreign exchange forward contracts | \$ (4) | \$ 1 | \$ (1) | Cost of products sold |
| Foreign exchange forward contracts | 1 | (1) | (2) | Other expenses / (income) |
| Forward starting interest rate swaps | 3 | 4 | 3 | Interest expense |
| Total before tax | — | 4 | — | |
| Tax expense (benefit) | — | (1) | — | |
| (Gain) loss, net of tax | \$ — | \$ 3 | \$ — | |
| Pension and postretirement benefit adjustments: | | | | |
| Prior service credit | \$ (2) | \$ (2) | \$ (1) | (1) |
| Net actuarial losses | 113 | 124 | 83 | (1) |
| Total before tax | 111 | 122 | 82 | |
| Tax expense (benefit) | (39) | (54) | (29) | |
| (Gain) loss, net of tax | \$ 72 | \$ 68 | \$ 53 | |

(1) In 2014, net actuarial losses of \$2 were recognized in Earnings (loss) from discontinued operations as a result of the sale of the European simple meals business. Excluding the net actuarial losses related to the sale of the business in 2014, these items are included in the components of net periodic benefit costs (see Note 11 for additional details).

In 2014, a pre-tax loss of \$22 (\$19 after tax) on foreign currency translation adjustments was also reclassified from Accumulated other comprehensive income. The loss was related to the divestiture of the European simple meals business and was included in Earnings (loss) from discontinued operations.

6. Goodwill and Intangible Assets

Goodwill

The following table shows the changes in the carrying amount of goodwill by business segment:

| | U.S. Simple Meals | Global Baking and Snacking | International Simple Meals and Beverages | U.S. Beverages | Bolthouse and Foodservice | Total |
|--|-------------------------|-------------------------------------|---|-------------------|------------------------------|-----------------|
| Balance at July 29, 2012 | \$ 322 | \$ 872 | \$ 561 | \$ 112 | \$ 146 | \$ 2,013 |
| Acquisitions | 128 | — | — | — | 692 | 820 |
| Impairment | — | — | (360) | — | — | (360) |
| Reclassification to assets held for sale | — | — | (110) | — | — | (110) |
| Foreign currency translation adjustment | — | (97) | 31 | — | — | (66) |
| Balance at July 28, 2013 | \$ 450 | \$ 775 | \$ 122 | \$ 112 | \$ 838 | \$ 2,297 |
| Acquisition | — | 140 | — | — | — | 140 |
| Foreign currency translation adjustment | — | 3 | (7) | — | — | (4) |
| Balance at August 3, 2014 | \$ 450 | \$ 918 | \$ 115 | \$ 112 | \$ 838 | \$ 2,433 |

In 2014, the company acquired Kelsen for \$331 and goodwill related to the acquisition was \$140. See Note 3.

In 2013, the company acquired Bolthouse Farms for \$1,561 and Plum for \$249. Goodwill related to the acquisition of Bolthouse Farms and Plum was \$692 and \$128, respectively. See Note 3.

On October 28, 2013, the company completed the sale of its European simple meals business. The assets and liabilities of the European business have been reflected in assets and liabilities held for sale in the Consolidated Balance Sheet as of July 28, 2013. The company has reflected the results of the business as discontinued operations in the Consolidated Statements of Earnings for all years presented. The business was historically included in the International Simple Meals and Beverages segment.

In the fourth quarter of 2013, as part of the company's annual review of intangible assets, an impairment charge of \$360 was recorded on goodwill for the simple meals business in Europe to reduce the carrying value to the implied fair value of \$110. The impairment was attributable to a combination of factors, including the existence of a firm offer to purchase the business; a revised future outlook for the business, with reduced expectations for future sales and discounted cash flows, given the economic uncertainty in the region; future investments required to maintain performance; and management's assumptions on the weighted average cost of capital. Fair value was determined based on discounted cash flow analyses. The discounted estimates of future cash flows include significant management assumptions such as revenue growth rates, operating margins, weighted average cost of capital, and future economic and market conditions. The impairment charge was recorded in Earnings (loss) from discontinued operations in the Consolidated Statements of Earnings.

Intangible Assets

The following table sets forth balance sheet information for intangible assets, excluding goodwill, subject to amortization and intangible assets not subject to amortization:

| Intangible Assets | 2014 | 2013 |
|---|-----------------|-----------------|
| Amortizable intangible assets | | |
| Customer relationships | \$ 178 | \$ 156 |
| Technology | 40 | 40 |
| Other | 35 | 32 |
| Total gross amortizable intangible assets | \$ 253 | \$ 228 |
| Accumulated amortization | (35) | (17) |
| Total net amortizable intangible assets | \$ 218 | \$ 211 |
| Non-amortizable intangible assets | | |
| Trademarks | 957 | 810 |
| Total net intangible assets | <u>\$ 1,175</u> | <u>\$ 1,021</u> |

Non-amortizable intangible assets consist of trademarks, which include *Bolthouse Farms*, *Pace*, *Plum Organics*, *Kjeldsens* and *Royal Dansk*. Trademarks of \$150 used in the European simple meals business have been included in assets held for sale in the Consolidated Balance Sheet as of July 28, 2013. Other amortizable intangible assets consist of recipes, patents, trademarks and distributor relationships.

Amortization of intangible assets of continuing operations was \$18 for 2014, \$14 for 2013 and \$1 for 2012. Amortization expense for the following 5 years is estimated to be \$18 in each of the fiscal periods 2015 through 2017, and \$14 in 2018 and 2019. Asset useful lives range from 5 to 20 years.

In the fourth quarter of 2013, as part of the company's annual review of intangible assets, an impairment charge of \$36 was recognized related to certain trademarks of the European business held for sale, including *Royco*, *Isomitta* and *Heisse Tasse*. The trademarks were determined to be impaired as a result of a decrease in the fair value of the brands, resulting from reduced expectations for future sales and discounted cash flows as previously discussed. In 2012, as part of the company's annual review of intangible assets, an impairment charge of \$3 was recognized related to trademarks of the European simple meals business. The trademarks were determined to be impaired as a result of a decrease in the fair value of the brands, resulting from reduced expectations for future sales and discounted cash flows. The impairment charges were recorded in Earnings (loss) from discontinued operations in the Consolidated Statements of Earnings.

The discounted estimates of future cash flows used in determining the fair value of goodwill and intangible assets involve considerable management judgment and are based upon assumptions about expected future operating performance, economic conditions, market conditions and cost of capital. Inherent in estimating the future cash flows are uncertainties beyond the company's control, such as changes in capital markets. The actual cash flows could differ materially from management's estimates due to changes in business conditions, operating performance and economic conditions.

7. Business and Geographic Segment Information

The company manages operations through 10 operating segments based on product type and geographic location and has aggregated the operating segments into the appropriate reportable segment based on similar economic characteristics; products; production processes; types or classes of customers; distribution methods; and regulatory environment. The reportable segments are discussed in greater detail below.

The U.S. Simple Meals segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; and as of June 13, 2013, *Plum Organics* food and snacks.

The Global Baking and Snacking segment aggregates the following operating segments: Pepperidge Farm cookies, crackers, bakery and frozen products in U.S. retail; Arnott's biscuits in Australia and Asia Pacific; and as of August 8, 2013, Kelsen cookies globally.

The International Simple Meals and Beverages segment aggregates the following operating segments: the retail business in Canada and the simple meals and beverages business in Asia Pacific, Latin America, and China. See also Note 4 for information on the sale of the simple meals business in Europe. This business was historically included in this segment. The results of operations of this business have been reflected as discontinued operations for the years presented.

The U.S. Beverages segment represents the U.S. retail beverages business, including the following products: *V8* juices and beverages; and *Campbell's* tomato juice.

Bolthouse and Foodservice comprises the Bolthouse Farms carrot products operating segment, including fresh carrots, juice concentrate and fiber; the Bolthouse Farms super-premium refrigerated beverages and refrigerated salad dressings operating segment; and the North America Foodservice operating segment. The North America Foodservice operating segment represents the distribution of products such as soup, specialty entrées, beverage products, other prepared foods and Pepperidge Farm products through various food service channels in the U.S. and Canada. None of these operating segments meets the criteria for aggregation nor the thresholds for separate disclosure. Bolthouse Farms was acquired on August 6, 2012.

The company evaluates segment performance before interest, taxes and costs associated with restructuring activities. Unrealized gains and losses on commodity hedging activities are excluded from segment operating earnings and are recorded in Corporate expenses as these open positions represent hedges of future purchases. Upon closing of the contracts, the realized gain or loss is transferred to segment operating earnings, which allows the segments to reflect the economic effects of the hedge without exposure to quarterly volatility of unrealized gains and losses. Certain manufacturing, warehousing and distribution activities of the segments are integrated in order to maximize efficiency and productivity. As a result, asset information by segment is not discretely maintained for internal reporting or used in evaluating performance. Therefore, only geographic segment asset information is included in the disclosure.

The company's largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 19% of consolidated net sales in 2014, 2013 and 2012. All of the company's reportable segments sold products to Wal-Mart Stores, Inc. or its affiliates.

| | 2014 | 2013 | 2012 |
|--|-----------------|-----------------|-----------------|
| Net sales | | | |
| U.S. Simple Meals | \$ 2,944 | \$ 2,849 | \$ 2,726 |
| Global Baking and Snacking | 2,440 | 2,273 | 2,193 |
| International Simple Meals and Beverages | 780 | 869 | 872 |
| U.S. Beverages | 723 | 742 | 774 |
| Bolthouse and Foodservice | 1,381 | 1,319 | 610 |
| Total | <u>\$ 8,268</u> | <u>\$ 8,052</u> | <u>\$ 7,175</u> |
| | | | |
| | 2014 | 2013 | 2012 |
| Earnings before interest and taxes | | | |
| U.S. Simple Meals | \$ 714 | \$ 731 | \$ 658 |
| Global Baking and Snacking | 332 | 316 | 315 |
| International Simple Meals and Beverages | 106 | 108 | 106 |
| U.S. Beverages | 127 | 120 | 134 |
| Bolthouse and Foodservice | 117 | 116 | 85 |
| Corporate ⁽¹⁾ | (149) | (260) | (136) |
| Restructuring charges ⁽²⁾ | (55) | (51) | (7) |
| Total | <u>\$ 1,192</u> | <u>\$ 1,080</u> | <u>\$ 1,155</u> |
| | | | |
| | 2014 | 2013 | 2012 |
| Depreciation and amortization | | | |
| U.S. Simple Meals | \$ 77 | \$ 146 | \$ 92 |
| Global Baking and Snacking | 93 | 83 | 83 |
| International Simple Meals and Beverages | 19 | 23 | 22 |
| U.S. Beverages | 21 | 39 | 22 |
| Bolthouse and Foodservice | 80 | 90 | 14 |
| Corporate ⁽³⁾ | 15 | 15 | 15 |
| Discontinued Operations | — | 11 | 14 |
| Total | <u>\$ 305</u> | <u>\$ 407</u> | <u>\$ 262</u> |

| | 2014 | 2013 | 2012 |
|---|---------------|---------------|---------------|
| Capital expenditures | | | |
| U.S. Simple Meals and U.S. Beverages ⁽⁴⁾ | \$ 115 | \$ 82 | \$ 97 |
| Global Baking and Snacking | 120 | 112 | 126 |
| International Simple Meals and Beverages | 26 | 19 | 32 |
| Bolthouse and Foodservice | 57 | 83 | 9 |
| Corporate ⁽³⁾ | 28 | 30 | 45 |
| Discontinued Operations | 1 | 10 | 14 |
| Total | <u>\$ 347</u> | <u>\$ 336</u> | <u>\$ 323</u> |

(1) Represents unallocated corporate expenses. Pension settlement charges of \$22 associated with a U.S. pension plan were included in 2014. The settlements resulted from the level of lump sum distributions from the plan's assets in 2014, primarily due to the closure of the facility in Sacramento, California. In addition, a loss of \$9 on foreign exchange forward contracts related to the sale of the European simple meals business and restructuring-related costs of \$3 were included in 2014. Restructuring-related costs of \$91 and acquisition costs of \$10 were included in 2013. Acquisition costs of \$5 were included in 2012.

(2) See Note 8 for additional information.

(3) Represents primarily corporate offices.

(4) Capital expenditures for U.S. Simple Meals and U.S. Beverages are not maintained by segment.

The company's global net sales based on product categories are as follows:

| | 2014 | 2013 | 2012 |
|--------------|-----------------|-----------------|-----------------|
| Net sales | | | |
| Simple Meals | \$ 4,511 | \$ 4,446 | \$ 3,887 |
| Baked Snacks | 2,571 | 2,408 | 2,320 |
| Beverages | 1,186 | 1,198 | 968 |
| Total | <u>\$ 8,268</u> | <u>\$ 8,052</u> | <u>\$ 7,175</u> |

Simple Meals include condensed and ready-to-serve soups, broths, sauces, carrot products, refrigerated salad dressings and Plum foods and snacks for babies, toddlers and children. Baked Snacks include cookies, crackers, biscuits and other baked products.

Geographic Area Information

Information about operations in different geographic areas is as follows:

| | 2014 | 2013 | 2012 |
|-----------------|-----------------|-----------------|-----------------|
| Net sales | | | |
| United States | \$ 6,432 | \$ 6,195 | \$ 5,359 |
| Australia | 709 | 801 | 819 |
| Other countries | 1,127 | 1,056 | 997 |
| Total | <u>\$ 8,268</u> | <u>\$ 8,052</u> | <u>\$ 7,175</u> |

| | 2014 | 2013 | 2012 |
|-------------------|-----------------|-----------------|-----------------|
| Long-lived assets | | | |
| United States | \$ 1,844 | \$ 1,804 | \$ 1,538 |
| Australia | 306 | 317 | 356 |
| Other countries | 168 | 139 | 233 |
| Total | <u>\$ 2,318</u> | <u>\$ 2,260</u> | <u>\$ 2,127</u> |

8. Restructuring Charges

2014 Initiatives

In 2014, the company implemented the following initiatives to reduce overhead across the organization, restructure manufacturing and streamline operations for its soup and broth business in China and improve supply chain efficiency in Australia. Details of the 2014 initiatives include:

- The company streamlined its salaried workforce in North America and its workforce in the Asia Pacific region. Approximately 250 positions were eliminated.
- The company and its joint venture partner Swire Pacific Limited agreed to restructure manufacturing and streamline operations for its soup and broth business in China. As a result, certain assets were impaired, and approximately 100 positions were eliminated.
- In Australia, the company implemented an initiative to improve supply chain efficiency by relocating production from its biscuit plant in Marlestone to Huntingwood. The relocation will occur through the second quarter of 2016 and will result in the elimination of approximately 90 positions.
- The company implemented an initiative to reduce overhead across the organization by approximately 85 positions. The actions will be completed in 2015.

In 2014, the company recorded a restructuring charge of \$54 (\$33 after tax or \$.10 per share in earnings from continuing operations attributable to Campbell Soup Company) related to the 2014 initiatives. A summary of the pre-tax costs and remaining costs associated with the initiatives is as follows:

| | Total Program | Recognized as of August 3, 2014 | Remaining Costs to be Recognized |
|--------------------------------------|------------------|---------------------------------------|--|
| Severance pay and benefits | \$ 42 | \$ (41) | \$ 1 |
| Asset impairment | 12 | (12) | — |
| Other exit costs | 2 | (1) | 1 |
| Total | <u>\$ 56</u> | <u>\$ (54)</u> | <u>\$ 2</u> |

Of the aggregate \$56 of pre-tax costs, the company expects approximately \$43 will be cash expenditures. In addition, the company expects to invest approximately \$7 in capital expenditures, primarily to relocate biscuit production and packaging capabilities. The remaining aspects of the 2014 initiatives are expected to be completed through 2016.

A summary of the restructuring activity and related reserves associated with the 2014 initiatives at August 3, 2014 is as follows:

| | Accrued Balance at July 28, 2013 | 2014 Charges | 2014 Cash Payments | Foreign Currency Translation Adjustment | Accrued Balance at August 3, 2014 |
|---|--|--------------|-----------------------|--|---|
| Severance pay and benefits | \$ — | \$ 41 | (13) | — | \$ 28 |
| Asset impairment | | 12 | | | |
| Other exit costs ⁽¹⁾ | | 1 | | | |
| Total charges | | <u>\$ 54</u> | | | |

⁽¹⁾ Includes non-cash costs that are not reflected in the restructuring reserve in the Consolidated Balance Sheet.

A summary of restructuring charges incurred to date associated with segments is as follows:

| | U.S. Simple Meals | Global Baking and Snacking | International Simple Meals and Beverages | U.S. Beverages | Bolthouse and Foodservice | Corporate | Total |
|----------------------------------|-------------------------|----------------------------------|---|-------------------|---------------------------------|-------------|--------------|
| Severance pay and benefits . . . | \$ 7 | \$ 23 | \$ 6 | \$ 2 | \$ 2 | \$ 1 | \$ 41 |
| Asset impairment | 1 | — | 11 | — | — | — | 12 |
| Other exit costs | — | — | 1 | — | — | — | 1 |
| | <u>\$ 8</u> | <u>\$ 23</u> | <u>\$ 18</u> | <u>\$ 2</u> | <u>\$ 2</u> | <u>\$ 1</u> | <u>\$ 54</u> |

The company expects to recognize additional pre-tax costs of approximately \$2 by segment as follows: U.S. Simple Meals - \$1 and Global Baking and Snacking - \$1. Segment operating results do not include restructuring charges as segment performance is evaluated excluding such charges.

2013 Initiatives

In 2013, the company implemented the following initiatives to improve supply chain efficiency, expand access to manufacturing and distribution capabilities and reduce costs. Details of the 2013 initiatives include:

- The company implemented initiatives to improve its U.S. supply chain cost structure and increase asset utilization across its U.S. thermal plant network, including closing its thermal plant in Sacramento, California, which produced soups, sauces and beverages. The closure resulted in the elimination of approximately 700 full-time positions and was completed in phases. Most of the positions were eliminated in 2013 and operations ceased in August 2013. The company shifted the majority of Sacramento's soup, sauce and beverage production to its thermal plants in Maxton, North Carolina; Napoleon, Ohio; and Paris, Texas. The company also closed its spice plant in South Plainfield, New Jersey, which resulted in the elimination of 27 positions. The company consolidated spice production at its Milwaukee, Wisconsin, plant in 2013.
- In Mexico, the company entered into commercial arrangements with third-party providers to expand access to manufacturing and distribution capabilities. The third-party providers will produce and distribute the company's beverages, soups, broths and sauces throughout the Mexican market. As a result of these agreements, the company closed its plant in Villagrán, Mexico, and eliminated approximately 260 positions in the first quarter of 2014.
- The company implemented an initiative to improve its Pepperidge Farm bakery supply chain cost structure by closing its plant in Aiken, South Carolina. The plant was closed in May 2014. The company shifted the majority of Aiken's bread production to its bakery plant in Lakeland, Florida. Approximately 110 positions were eliminated as a result of the plant closure.
- The company streamlined its salaried workforce in U.S. Simple Meals, North America Foodservice and U.S. Beverages by approximately 70 positions. This action was substantially completed in August 2013.

In 2014, the company recorded a restructuring charge of \$1 related to the 2013 initiatives. In addition, approximately \$3 of costs related to the 2013 initiatives were recorded in Cost of products sold, representing other exit costs. The aggregate after-tax impact of restructuring charges and related costs recorded in 2014 was \$3, or \$.01 per share. In 2013, the company recorded a restructuring charge of \$51. In addition, approximately \$91 of costs related to these initiatives were recorded in 2013 in Cost of products sold, representing accelerated depreciation and other exit costs. The aggregate after-tax impact of restructuring charges and related costs recorded in 2013 was \$90, or \$.28 per share. A summary of the pre-tax costs and remaining costs associated with the initiatives is as follows:

| | Total Program | Recognized as of August 3, 2014 | Remaining Costs to be Recognized |
|---|------------------|---------------------------------------|--|
| Severance pay and benefits | \$ 35 | \$ (35) | \$ — |
| Accelerated depreciation/asset impairment | 99 | (99) | — |
| Other exit costs | 14 | (12) | 2 |
| Total | <u>\$ 148</u> | <u>\$ (146)</u> | <u>\$ 2</u> |

Of the aggregate \$148 of pre-tax costs, approximately \$46 are cash expenditures. In addition, the company expects to invest approximately \$31 in capital expenditures, primarily to relocate and refurbish a beverage filling and packaging line, and relocate bread production, of which approximately \$28 has been invested as of August 3, 2014. The remaining aspects of the 2013 initiatives are expected to be completed in 2015.

A summary of the restructuring activity and related reserves associated with the 2013 initiatives at August 3, 2014 is as follows:

| | Accrued Balance at July 29, 2012 | 2013 Charges | 2013 Cash Payments | Accrued Balance at July 28, 2013 | 2014 Charges | 2014 Cash Payments | Accrued Balance at August 3, 2014 |
|--|---|-----------------|-----------------------|---|-----------------|-----------------------|--|
| Severance pay and benefits . . . | \$ — | \$ 32 | (15) | \$ 17 | \$ — | (14) | \$ 3 |
| Accelerated depreciation/asset impairment | | 99 | | | — | | |
| Non-cash benefits ⁽¹⁾ | | 3 | | | — | | |
| Other exit costs ⁽²⁾ | | 8 | | | 4 | | |
| Total charges | | <u>\$ 142</u> | | | <u>\$ 4</u> | | |

⁽¹⁾ Represents pension curtailment costs. See Note 11.

⁽²⁾ Includes non-cash costs and other exit costs recognized as incurred that are not reflected in the restructuring reserve in the Consolidated Balance Sheet.

A summary of restructuring charges and related costs incurred to date associated with segments is as follows:

| | U.S. Simple Meals | Global Baking and Snacking | International Simple Meals and Beverages | U.S. Beverages | Bolthouse and Foodservice | Total |
|---|-------------------------|----------------------------------|---|-------------------|---------------------------------|---------------|
| Severance pay and benefits | \$ 19 | \$ 2 | 5 | \$ 7 | 2 | \$ 35 |
| Accelerated depreciation/asset impairment . . . | 64 | 10 | 3 | 22 | — | 99 |
| Other exit costs | 7 | 2 | 1 | 2 | — | 12 |
| | <u>\$ 90</u> | <u>\$ 14</u> | <u>\$ 9</u> | <u>\$ 31</u> | <u>\$ 2</u> | <u>\$ 146</u> |

The company expects to recognize additional pre-tax costs of approximately \$2 in the Global Baking and Snacking segment. Segment operating results do not include restructuring charges as segment performance is evaluated excluding such charges.

2011 Initiatives

In the fourth quarter of 2011, the company announced a series of initiatives to improve supply chain efficiency and reduce overhead costs across the organization to help fund plans to drive the growth of the business. The company also announced its exit from the Russian market. Details of the 2011 initiatives include:

- In Australia, the company is investing in a new system to automate packing operations at its biscuit plant in Virginia. This investment continued through 2014 and resulted in the elimination of approximately 190 positions in 2014. The company expects to continue investing in the new system through 2015. Further, the company improved asset utilization in the U.S. by shifting production of ready-to-serve soups from Paris, Texas, to other facilities in 2012. In addition, the manufacturing facility in Marshall, Michigan, was closed in 2011, and manufacturing of *Campbell's Soup at Hand* microwavable products was consolidated at the Maxton, North Carolina, plant in 2012.
- The company streamlined its salaried workforce by approximately 510 positions around the world, including approximately 130 positions at its world headquarters in Camden, New Jersey. These actions were substantially completed in 2011. As part of this action, the company outsourced a larger portion of its U.S. retail merchandising activities to its retail sales agent, Acosta Sales and Marketing, and eliminated approximately 190 positions.
- In connection with exiting the Russian market, the company eliminated approximately 50 positions. The exit process commenced in 2011 and was substantially completed in 2012.

In 2012, the company recorded a restructuring charge of \$10 (\$6 after tax or \$.02 per share) related to the 2011 initiatives. Of the amount recorded in 2012, \$3 related to discontinued operations. In the fourth quarter of 2011, the company recorded a restructuring charge of \$63 (\$41 after tax or \$.12 per share). Of the amount recorded in 2011, \$3 related to discontinued operations. A summary of the pre-tax charges recognized is as follows:

| | Total Program |
|---|--------------------------|
| Severance pay and benefits | \$ 41 |
| Asset impairment/accelerated depreciation | 23 |
| Other exit costs | 9 |
| Total | \$ 73 |

As of the second quarter of 2014, the 2011 initiatives were substantially completed. Of the aggregate \$73 of pre-tax costs, approximately \$50 represented cash expenditures, the majority of which was spent in 2012. In addition, the company expects to invest approximately \$45 in capital expenditures in connection with the actions, of which approximately \$41 has been invested as of August 3, 2014.

A summary of the restructuring activity and related reserves associated with the 2011 initiatives at August 3, 2014 is as follows:

| | Severance Pay and Benefits | Other Exit Costs | Asset Impairment/ Accelerated Depreciation | Other Non- Cash Exit Costs | Total Charges |
|--|---------------------------------------|-----------------------------|---|---|----------------------|
| Accrued balance at August 1, 2010 | \$ — | \$ — | | | |
| 2011 charges | 37 | 4 | 22 | — | \$ 63 |
| 2011 cash payments | (2) | — | | | |
| Accrued balance at July 31, 2011 | \$ 35 | \$ 4 | | | |
| 2012 charges | 4 | 2 | 1 | 3 | \$ 10 |
| 2012 cash payments | (24) | (4) | | | |
| Foreign currency translation adjustment | (1) | — | | | |
| Accrued balance at July 29, 2012 | \$ 14 | \$ 2 | | | |
| 2013 cash payments | (10) | (1) | | | |
| Foreign currency translation adjustment | (1) | — | | | |
| Accrued balance at July 28, 2013 | \$ 3 | \$ 1 | | | |
| 2014 cash payments | (3) | (1) | | | |
| Accrued balance at August 3, 2014 | \$ — | \$ — | | | |

A summary of restructuring charges associated with each segment is as follows:

| | U.S. Simple Meals | Global Baking and Snacking | International Simple Meals and Beverages | U.S. Beverages | Bolthouse and Foodservice | Corporate | Total |
|---|----------------------------------|---|---|---------------------------|--|------------------|--------------|
| Severance pay and benefits | \$ 10 | \$ 14 | \$ 11 | \$ 3 | \$ 1 | \$ 2 | \$ 41 |
| Asset impairment/accelerated depreciation | 20 | — | 3 | — | — | — | 23 |
| Other exit costs | 2 | — | 3 | — | — | 4 | 9 |
| | \$ 32 | \$ 14 | \$ 17 | \$ 3 | \$ 1 | \$ 6 | \$ 73 |

Segment operating results do not include restructuring charges as segment performance is evaluated excluding such charges.

9. Earnings per Share

The accounting guidance for earnings per share provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared and

participation rights in undistributed earnings. Awards issued by the company prior to 2011 contained non-forfeitable rights to dividends or dividend equivalents.

The computation of basic and diluted earnings per share attributable to common shareholders is as follows:

| | 2014 | 2013 | 2012 |
|---|----------------|-----------------|----------------|
| Earnings from continuing operations attributable to Campbell Soup Company | \$ 737 | \$ 689 | \$ 734 |
| Less: Allocation to participating securities | — | — | (4) |
| Available to Campbell Soup Company common shareholders | <u>\$ 737</u> | <u>\$ 689</u> | <u>\$ 730</u> |
| | | | |
| Earnings (loss) from discontinued operations | \$ 81 | \$ (231) | \$ 40 |
| Less: Allocation to participating securities | — | — | (1) |
| Available to Campbell Soup Company common shareholders | <u>\$ 81</u> | <u>\$ (231)</u> | <u>\$ 39</u> |
| | | | |
| Net earnings attributable to Campbell Soup Company | \$ 818 | \$ 458 | \$ 774 |
| Less: Allocation to participating securities | — | — | (5) |
| Available to Campbell Soup Company common shareholders | <u>\$ 818</u> | <u>\$ 458</u> | <u>\$ 769</u> |
| | | | |
| Weighted average shares outstanding — basic | 314 | 314 | 317 |
| Effect of dilutive securities: stock options and other share based payment awards | 2 | 3 | 2 |
| Weighted average shares outstanding — diluted | <u>316</u> | <u>317</u> | <u>319</u> |
| | | | |
| Earnings from continuing operations attributable to Campbell Soup Company per common share: | | | |
| Basic | <u>\$ 2.35</u> | <u>\$ 2.19</u> | <u>\$ 2.30</u> |
| Diluted | <u>\$ 2.33</u> | <u>\$ 2.17</u> | <u>\$ 2.29</u> |
| | | | |
| Earnings (loss) from discontinued operations per common share: | | | |
| Basic | <u>\$.26</u> | <u>\$ (.74)</u> | <u>\$.12</u> |
| Diluted | <u>\$.26</u> | <u>\$ (.73)</u> | <u>\$.12</u> |
| | | | |
| Net earnings attributable to Campbell Soup Company per common share ⁽¹⁾ : | | | |
| Basic | <u>\$ 2.61</u> | <u>\$ 1.46</u> | <u>\$ 2.43</u> |
| Diluted | <u>\$ 2.59</u> | <u>\$ 1.44</u> | <u>\$ 2.41</u> |

⁽¹⁾ The sum of the individual per share amounts may not add due to rounding.

There were no antidilutive stock options in 2014, 2013, or 2012.

10. Noncontrolling Interests

The company owns a 60% controlling interest in a joint venture formed with Swire Pacific Limited to support the development of the company's soup and broth business in China. The joint venture began operations on January 31, 2011. In February 2013, the company and joint venture partner contributed additional cash of \$5 and \$3, respectively. In August 2013, the company and joint venture partner contributed additional cash of \$7 and \$5, respectively. The noncontrolling interest's share in the net loss was included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings. In 2014, the company and its joint venture partner agreed to restructure manufacturing and streamline operations for its soup and broth business in China. The after-tax restructuring charge attributable to the noncontrolling interest was \$5. See also Note 8.

The company owns a 70% controlling interest in a Malaysian food products manufacturing company. The noncontrolling interest's share in the net earnings was included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings and was not material in 2014, 2013, or 2012.

The noncontrolling interests in these entities were included in Total equity in the Consolidated Balance Sheets and Consolidated Statements of Equity.

11. Pension and Postretirement Benefits

Pension Benefits — The company sponsors a number of noncontributory defined benefit pension plans to provide retirement benefits to all eligible U.S. and non-U.S. employees. The benefits provided under these plans are based primarily on years of service and compensation levels. In 1999, the company implemented significant amendments to certain U.S. pension plans. Under a new formula, retirement benefits are determined based on percentages of annual pay and age. To minimize the impact of converting to the new formula, service and earnings credit continues to accrue through the year 2014 for active employees participating in the plans under the old formula prior to the amendments. Employees will receive the benefit from either the new or old formula, whichever is higher. Benefits become vested upon the completion of three years of service. Benefits are paid from funds previously provided to trustees and insurance companies or are paid directly by the company from general funds. Effective as of January 1, 2011, the company's U.S. pension plans were amended so that employees hired or rehired on or after that date and who are not covered by collective bargaining agreements will not be eligible to participate in the plans.

Postretirement Benefits — The company provides postretirement benefits including health care and life insurance to substantially all retired U.S. employees and their dependents. The company established retiree medical account benefits for eligible U.S. retirees. The accounts were intended to provide reimbursement for eligible health care expenses on a tax-favored basis. Effective as of January 1, 2011, the retirement medical program was amended to eliminate the retiree medical account benefit for employees not covered by collective bargaining agreements. To preserve the benefit for employees close to retirement age, the retiree medical account will be available to employees who were at least age 50 with at least 10 years of service as of December 31, 2010, and who satisfy the other eligibility requirements for the retiree medical program.

The company uses the fiscal year end as the measurement date for the benefit plans.

Components of benefit expense were as follows:

| | Pension | | |
|--|--------------|--------------|--------------|
| | 2014 | 2013 | 2012 |
| Service cost | \$ 42 | \$ 57 | \$ 55 |
| Interest cost | 115 | 108 | 122 |
| Expected return on plan assets | (176) | (177) | (178) |
| Amortization of prior service credit | (1) | (1) | — |
| Recognized net actuarial loss | 76 | 108 | 74 |
| Curtailment loss | — | 3 | — |
| Settlement charges | 22 | — | — |
| Net periodic benefit expense | <u>\$ 78</u> | <u>\$ 98</u> | <u>\$ 73</u> |

The settlement charges of \$22 in 2014 were associated with a U.S. pension plan. The settlements resulted from the level of lump sum distributions from the plan's assets in 2014, primarily due to the closure of the facility in Sacramento, California. The curtailment loss of \$3 in 2013 related to the closure of the plant in Mexico and was included in the Restructuring charges. See also Note 8. In 2013 and 2012, net periodic benefit expense of \$1 related to the simple meals business in Europe and was included in Earnings (loss) from discontinued operations.

The estimated prior service credit and net actuarial losses that will be amortized from Accumulated other comprehensive loss into periodic pension cost during 2015 are \$1 and \$85, respectively.

| | Postretirement | | |
|--|----------------|--------------|--------------|
| | 2014 | 2013 | 2012 |
| Service cost | \$ 2 | \$ 3 | \$ 3 |
| Interest cost | 17 | 15 | 18 |
| Amortization of prior service credit | (1) | (1) | (1) |
| Recognized net actuarial loss | 13 | 15 | 9 |
| Net periodic benefit expense | <u>\$ 31</u> | <u>\$ 32</u> | <u>\$ 29</u> |

The estimated prior service credit and net actuarial loss that will be amortized from Accumulated other comprehensive loss into net periodic postretirement expense during 2015 are \$1 and \$13, respectively.

Change in benefit obligation:

| | Pension | | Postretirement | |
|-----------------------------------|-----------------|-----------------|----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Obligation at beginning of year | \$ 2,489 | \$ 2,748 | \$ 390 | \$ 413 |
| Service cost | 42 | 57 | 2 | 3 |
| Interest cost | 115 | 108 | 17 | 15 |
| Actuarial (gain) loss | 154 | (230) | 5 | (13) |
| Participant contributions | — | — | 6 | 6 |
| Benefits paid | (191) | (172) | (35) | (36) |
| Medicare subsidies | — | — | 3 | 2 |
| Other | (4) | (3) | — | — |
| Settlements | (43) | — | — | — |
| Curtailement | — | (2) | — | — |
| Foreign currency adjustment | (12) | (17) | — | — |
| Divestiture | (11) | — | — | — |
| Benefit obligation at end of year | <u>\$ 2,539</u> | <u>\$ 2,489</u> | <u>\$ 388</u> | <u>\$ 390</u> |

Change in the fair value of pension plan assets:

| | 2014 | 2013 |
|---------------------------------|-----------------|-----------------|
| Fair value at beginning of year | \$ 2,275 | \$ 2,118 |
| Actual return on plan assets | 276 | 246 |
| Employer contributions | 46 | 87 |
| Benefits paid | (179) | (161) |
| Settlements | (43) | — |
| Foreign currency adjustment | (11) | (15) |
| Fair value at end of year | <u>\$ 2,364</u> | <u>\$ 2,275</u> |

Amounts recognized in the Consolidated Balance Sheets:

| | Pension | | Postretirement | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Other assets | \$ 7 | \$ — | \$ — | \$ — |
| Accrued liabilities | (12) | (13) | (29) | (29) |
| Other liabilities | (170) | (190) | (359) | (361) |
| Non-current liabilities held for sale | — | (11) | — | — |
| Net amount recognized | <u>\$ (175)</u> | <u>\$ (214)</u> | <u>\$ (388)</u> | <u>\$ (390)</u> |

| | Pension | | Postretirement | |
|--|-----------------|-----------------|----------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| Amounts recognized in accumulated other comprehensive loss consist of: | | | | |
| Net actuarial loss | \$ 1,019 | \$ 1,068 | \$ 96 | \$ 104 |
| Prior service credit | (2) | (2) | (5) | (6) |
| Total | <u>\$ 1,017</u> | <u>\$ 1,066</u> | <u>\$ 91</u> | <u>\$ 98</u> |

The changes in other comprehensive loss associated with pension benefits included the reclassification of actuarial losses into earnings of \$100 and \$109 in 2014 and 2013, respectively. The amount reclassified in 2014 included the settlement charges and \$2 of net actuarial losses recognized in discontinued operations as a result of the sale of the European simple meals business. The remaining changes in other comprehensive loss associated with pension benefits were primarily due to net actuarial losses arising during the period in 2014 and net actuarial gains arising during the period in 2013, as well as the impact of currency in both periods.

The change in other comprehensive loss associated with postretirement benefits was due to the reclassification of actuarial losses into earnings of \$13 and \$15 in 2014 and 2013, respectively. The remaining changes in other comprehensive loss associated with postretirement benefits were primarily due to net actuarial losses arising during the period in 2014 and net actuarial gains arising during the period in 2013.

The balance in accumulated other comprehensive loss included \$2 in 2013 related to the simple meals business in Europe.

The following table provides information for pension plans with accumulated benefit obligations in excess of plan assets:

| | <u>2014</u> | <u>2013</u> |
|--|-------------|-------------|
| Projected benefit obligation | \$ 269 | \$ 1,817 |
| Accumulated benefit obligation | \$ 257 | \$ 1,791 |
| Fair value of plan assets | \$ 92 | \$ 1,625 |

The accumulated benefit obligation for all pension plans was \$2,477 at August 3, 2014 and \$2,423 at July 28, 2013.

Weighted-average assumptions used to determine benefit obligations at the end of the year:

| | <u>Pension</u> | | <u>Postretirement</u> | |
|---|----------------|-------------|-----------------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Discount rate | 4.33% | 4.82% | 4.00% | 4.50% |
| Rate of compensation increase | 3.30% | 3.30% | 3.25% | 3.25% |

Weighted-average assumptions used to determine net periodic benefit cost for the years ended:

| | <u>Pension</u> | | |
|--|----------------|-------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Discount rate | 4.82% | 4.05% | 5.41% |
| Expected return on plan assets | 7.62% | 7.65% | 7.90% |
| Rate of compensation increase | 3.30% | 3.31% | 3.31% |

The discount rate is established as of the company's fiscal year-end measurement date. In establishing the discount rate, the company reviews published market indices of high-quality debt securities, adjusted as appropriate for duration. In addition, independent actuaries apply high-quality bond yield curves to the expected benefit payments of the plans. The expected return on plan assets is a long-term assumption based upon historical experience and expected future performance, considering the company's current and projected investment mix. This estimate is based on an estimate of future inflation, long-term projected real returns for each asset class, and a premium for active management.

The discount rate used to determine net periodic postretirement expense was 4.50% in 2014, 3.75% in 2013 and 5.00% in 2012.

Assumed health care cost trend rates at the end of the year:

| | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|
| Health care cost trend rate assumed for next year | 8.25% | 8.25% |
| Rate to which the cost trend rate is assumed to decline (ultimate trend rate) | 4.50% | 4.50% |
| Year that the rate reaches the ultimate trend rate | 2022 | 2021 |

A one-percentage-point change in assumed health care costs would have the following effects on 2014 reported amounts:

| | <u>Increase</u> | <u>Decrease</u> |
|---|-----------------|-----------------|
| Effect on service and interest cost | \$ 1 | \$ (1) |
| Effect on the 2014 accumulated benefit obligation | \$ 16 | \$ (18) |

Pension Plan Assets

The fundamental goal underlying the investment policy is to ensure that the assets of the plans are invested in a prudent manner to meet the obligations of the plans as these obligations come due. The primary investment objectives include providing a total return which will promote the goal of benefit security by attaining an appropriate ratio of plan assets to plan obligations, to provide for real asset growth while also tracking plan obligations, to diversify investments across and within asset classes, to reduce the impact of losses in single investments, and to follow investment practices that comply with applicable laws and regulations.

The primary policy objectives will be met by investing assets to achieve a reasonable tradeoff between return and risk relative to plan obligations. This includes investing a portion of the assets in funds selected in part to hedge the interest rate sensitivity to plan obligations.

The portfolio includes investments in the following asset classes: fixed income, equity, real estate and alternatives. Fixed income will provide a moderate expected return and partially hedge the exposure to interest rate risk of the plans’ obligations. Equities are used for their high expected return. Additional asset classes are used to provide diversification.

Asset allocation is monitored on an ongoing basis relative to the established asset class targets. The interaction between plan assets and benefit obligations is periodically studied to assist in the establishment of strategic asset allocation targets. The investment policy permits variances from the targets within certain parameters. Asset rebalancing occurs when the underlying asset class allocations move outside these parameters, at which time the asset allocation is rebalanced back to the policy target weight.

The company’s year-end pension plan weighted-average asset allocations by category were:

| | Strategic Target | 2014 | 2013 |
|--|-----------------------------|-------------|-------------|
| Equity securities | 51% | 51% | 54% |
| Debt securities | 35% | 33% | 32% |
| Real estate and other | 14% | 16% | 14% |
| Net periodic benefit expense | 100% | 100% | 100% |

Pension plan assets are categorized based on the following fair value hierarchy:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with observable market data.
- Level 3: Unobservable inputs, which are valued based on the company's estimates of assumptions that market participants would use in pricing the asset or liability.

The following table presents the company's pension plan assets by asset category at August 3, 2014 and July 28, 2013:

| | Fair Value as of August 3, 2014 | Fair Value Measurements at August 3, 2014 Using Fair Value Hierarchy | | | Fair Value as of July 28, 2013 | Fair Value Measurements at July 28, 2013 Using Fair Value Hierarchy | | |
|---|--|--|----------|---------|---|---|----------|---------|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Short-term investments . . . | \$ 60 | \$ 23 | \$ 37 | \$ — | \$ 78 | \$ 36 | \$ 42 | \$ — |
| Equities: | | | | | | | | |
| U.S. | 378 | 378 | — | — | 401 | 401 | — | — |
| Non-U.S. | 332 | 332 | — | — | 358 | 358 | — | — |
| Corporate bonds: | | | | | | | | |
| U.S. | 469 | — | 469 | — | 420 | — | 420 | — |
| Non-U.S. | 114 | — | 114 | — | 92 | — | 92 | — |
| Government and agency bonds: | | | | | | | | |
| U.S. | 62 | — | 62 | — | 41 | — | 41 | — |
| Non-U.S. | 46 | — | 46 | — | 37 | — | 37 | — |
| Municipal bonds | 84 | — | 84 | — | 73 | — | 73 | — |
| Commingled funds: | | | | | | | | |
| Equities | 426 | — | 426 | — | 393 | — | 393 | — |
| Fixed income | 3 | — | 3 | — | 29 | — | 29 | — |
| Blended | 95 | — | 95 | — | 88 | — | 88 | — |
| Mortgage and asset backed securities | 13 | — | 13 | — | 15 | — | 15 | — |
| Real estate | 117 | 5 | 92 | 20 | 107 | 6 | 83 | 18 |
| Hedge funds | 181 | — | 127 | 54 | 147 | — | 117 | 30 |
| Total assets at fair value | \$ 2,380 | \$ 738 | \$ 1,568 | \$ 74 | \$ 2,279 | \$ 801 | \$ 1,430 | \$ 48 |
| Other items to reconcile to fair value of plan assets | (16) | | | | (4) | | | |
| Total pension assets at fair value | \$ 2,364 | | | | \$ 2,275 | | | |

Short-term investments — Investments include cash and cash equivalents, and various short-term debt instruments and short-term investment funds. Institutional short-term investment vehicles valued daily are classified as Level 1 at cost which approximates market value. Other investment vehicles are valued based upon a net asset value and are classified as Level 2.

Equities — Common stocks and preferred stocks are classified as Level 1 and are valued using quoted market prices in active markets.

Corporate bonds — These investments are valued based on quoted market prices, yield curves and pricing models using current market rates.

Government and agency bonds — These investments are generally valued based on bid quotations and recent trade data for identical or similar obligations.

Municipal bonds — These investments are valued based on quoted market prices, yield curves and pricing models using current market rates.

Commingled funds — Investments in commingled funds are classified as Level 2 as the funds are not traded in active markets. Commingled funds are valued based on the unit values of such funds. Unit values are based on the fair value of the underlying assets of the funds derived from inputs principally based on quoted market prices in an active market or corroborated by observable market data by correlation or other means. Blended commingled funds are invested in both equities and fixed income securities.

Mortgage and asset backed securities — Fair value is based on prices obtained from third party pricing sources. The prices from third party pricing sources may be based on bid quotes from dealers and recent trade data. Mortgage backed securities are traded in the over-the-counter market.

Real estate — Real estate investments consist of real estate investment trusts, property funds and limited partnerships. Real estate investment trusts are classified as Level 1 and are valued based on quoted market prices. Property funds are classified as either Level 2 or Level 3 depending upon whether liquidity is limited or there are few observable market participant transactions. Fair value is based on third party appraisals. Limited partnerships are valued based upon valuations provided by the general partners of the funds. The values of limited partnerships are based upon an assessment of each underlying investment, incorporating valuations that consider the evaluation of financing and sales transactions with third parties, expected cash flows, and market-based information, including comparable transactions and performance multiples among other factors. The investments are classified as Level 3 since the valuation is determined using unobservable inputs.

Hedge funds — Hedge fund investments include hedge funds valued based upon a net asset value derived from the fair value of underlying securities and are therefore classified as Level 2. Hedge fund investments that are subject to liquidity restrictions or that are based on unobservable inputs are classified as Level 3. Hedge fund investments may include long and short positions in equity and fixed income securities, derivative instruments such as futures and options, commodities and other types of securities.

Other items to reconcile to fair value of plan assets included net accrued interest and dividends receivable, amounts due for securities sold, amounts payable for securities purchased, and other payables.

The following table summarizes the changes in fair value of Level 3 investments for the years ended August 3, 2014 and July 28, 2013:

| | Real Estate | Hedge Funds | Total |
|---|--------------|--------------|--------------|
| Fair value at July 28, 2013 | \$ 18 | \$ 30 | \$ 48 |
| Actual return on plan assets | 2 | 2 | 4 |
| Purchases | 3 | 22 | 25 |
| Sales | (3) | — | (3) |
| Settlements | — | — | — |
| Transfers out of Level 3 | — | — | — |
| Fair value at August 3, 2014 | \$ 20 | \$ 54 | \$ 74 |

| | Real Estate | Hedge Funds | Total |
|------------------------------------|--------------|--------------|--------------|
| Fair value at July 29, 2012 | \$ 35 | \$ — | \$ 35 |
| Actual return on plan assets | 2 | — | 2 |
| Purchases | — | 30 | 30 |
| Sales | (3) | — | (3) |
| Settlements | — | — | — |
| Transfers out of Level 3 | (16) | — | (16) |
| Fair value at July 28, 2013 | \$ 18 | \$ 30 | \$ 48 |

No contributions are expected to be made to U.S. pension plans in 2015. Contributions to non-U.S. pension plans are expected to be approximately \$6 in 2015.

Estimated future benefit payments are as follows:

| | Pension | Postretirement |
|-----------------|---------|----------------|
| 2015 | \$ 151 | \$ 29 |
| 2016 | \$ 152 | \$ 30 |
| 2017 | \$ 153 | \$ 31 |
| 2018 | \$ 154 | \$ 31 |
| 2019 | \$ 160 | \$ 31 |
| 2020-2024 | \$ 838 | \$ 145 |

The estimated future benefit payments include payments from funded and unfunded plans.

Savings Plan — The company sponsors employee savings plans which cover substantially all U.S. employees. Effective January 1, 2011, the company provides a matching contribution of 100% of employee contributions up to 4% of compensation for employees who are not covered by collective bargaining agreements. Employees hired or rehired on or after January 1, 2011 who will not be eligible to participate in the defined benefit plans and who are not covered by collective bargaining agreements receive a contribution equal to 3% of compensation regardless of their participation in the Savings Plan. Prior to January 1, 2011, the company provided a matching contribution of 60% (50% at certain locations) of the employee contributions up to 5% of compensation after one year of continued service. Amounts charged to Costs and expenses were \$29 in 2014, \$27 in 2013 and \$24 in 2012.

12. Taxes on Earnings

The provision for income taxes on earnings from continuing operations consists of the following:

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|--|-----------------|---------------|-----------------|
| Income taxes: | | | |
| Currently payable: | | | |
| Federal | \$ 252 | \$ 268 | \$ 221 |
| State | 30 | 24 | 29 |
| Non-U.S. | 42 | 47 | 43 |
| | <u>324</u> | <u>339</u> | <u>293</u> |
| Deferred: | | | |
| Federal | 32 | (58) | 31 |
| State | 2 | (6) | 2 |
| Non-U.S. | (11) | — | (1) |
| | <u>23</u> | <u>(64)</u> | <u>32</u> |
| | <u>\$ 347</u> | <u>\$ 275</u> | <u>\$ 325</u> |
| Earnings from continuing operations before income taxes: | | | |
| United States | \$ 995 | \$ 815 | \$ 918 |
| Non-U.S. | 78 | 140 | 131 |
| | <u>\$ 1,073</u> | <u>\$ 955</u> | <u>\$ 1,049</u> |

The following is a reconciliation of the effective income tax rate on continuing operations to the U.S. federal statutory income tax rate:

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|--------------|--------------|--------------|
| Federal statutory income tax rate | 35.0% | 35.0% | 35.0% |
| State income taxes (net of federal tax benefit) | 2.0 | 1.1 | 2.0 |
| Tax effect of international items | (1.0) | (2.6) | (3.8) |
| Settlement of tax contingencies | — | (0.1) | (0.1) |
| Federal manufacturing deduction | (2.3) | (2.7) | (1.9) |
| Other | (1.4) | (1.9) | (0.2) |
| Effective income tax rate | <u>32.3%</u> | <u>28.8%</u> | <u>31.0%</u> |

Deferred tax liabilities and assets are comprised of the following:

| | 2014 | 2013 |
|--|---------------|---------------|
| Depreciation | \$ 300 | \$ 302 |
| Amortization | 541 | 484 |
| Other | 17 | 66 |
| Deferred tax liabilities | <u>858</u> | <u>852</u> |
| Benefits and compensation | 294 | 316 |
| Pension benefits | 63 | 61 |
| Tax loss carryforwards | 49 | 95 |
| Capital loss carryforwards | 112 | 104 |
| Other | 70 | 73 |
| Gross deferred tax assets | <u>588</u> | 649 |
| Deferred tax asset valuation allowance | <u>(151)</u> | (148) |
| Net deferred tax assets | <u>437</u> | 501 |
| Net deferred tax liability | <u>\$ 421</u> | <u>\$ 351</u> |

At August 3, 2014, U.S. and non-U.S. subsidiaries of the company had tax loss carryforwards of approximately \$190. Of these carryforwards, \$145 expire between 2015 and 2033, and \$45 may be carried forward indefinitely. The current statutory tax rates in these countries range from 15% to 35%. At August 3, 2014, deferred tax asset valuation allowances have been established to offset \$147 of these tax loss carryforwards. Additionally, at August 3, 2014, non-U.S. subsidiaries of the company had capital loss carryforwards of approximately \$418, which were fully offset by valuation allowances.

The net change in the deferred tax asset valuation allowance in 2014 was an increase of \$3. The increase was primarily due to the impact of currency and the recognition of additional valuation allowances on foreign loss carryforwards. The net change in the deferred tax asset valuation allowance in 2013 was an increase of \$6. The increase was primarily due to the impact of currency and the recognition of additional valuation allowances on foreign loss carryforwards.

As of August 3, 2014, other deferred tax assets included \$9 of state tax credit carryforwards related to various states that expire between 2018 and 2024. As of July 28, 2013, other deferred tax assets included \$7 of foreign tax credit carryforwards that expire in 2023, and \$10 of state tax credit carryforwards related to various states that expire between 2014 and 2022. No valuation allowances have been established related to these deferred tax assets.

As of August 3, 2014, U.S. income taxes have not been provided on approximately \$740 of undistributed earnings of non-U.S. subsidiaries, which are deemed to be permanently reinvested. It is not practical to estimate the tax liability that might be incurred if such earnings were remitted to the U.S.

A reconciliation of the activity related to unrecognized tax benefits follows:

| | 2014 | 2013 | 2012 |
|---|--------------|--------------|--------------|
| Balance at beginning of year | \$ 61 | \$ 48 | \$ 43 |
| Increases related to prior-year tax positions | — | 28 | 2 |
| Decreases related to prior-year tax positions | (1) | (7) | (1) |
| Increases related to current-year tax positions | 11 | 9 | 9 |
| Settlements | — | (15) | — |
| Lapse of statute | — | (2) | (5) |
| Balance at end of year | <u>\$ 71</u> | <u>\$ 61</u> | <u>\$ 48</u> |

The increase in 2013 for prior-year tax positions was primarily due to the acquisition of Bolthouse Farms and Plum.

The amount of unrecognized tax benefits that, if recognized, would impact the annual effective tax rate was \$23 as of August 3, 2014 and July 28, 2013, and \$18 as of July 29, 2012. The total amount of unrecognized tax benefits can change due to audit settlements, tax examination activities, statute expirations and the recognition and measurement criteria under accounting for uncertainty in income taxes. The company believes it is reasonably possible that the amount of unrecognized tax benefits could change by approximately \$27 within the next 12 months. It is likely that an intercompany pricing agreement between the U.S. and Canada will be settled that covers the years 2006 through 2013. The impact of the settlement is not expected to be material to the financial statements. As of August 3, 2014, \$28 of unrecognized tax benefit liabilities, including interest and penalties, were reported as accrued taxes payable in the Consolidated Balance Sheet. Approximately \$2 of unrecognized tax benefits, including

interest and penalties, were reported as accounts receivable in the Consolidated Balance Sheets as of August 3, 2014, and July 28, 2013.

The company's accounting policy with respect to interest and penalties attributable to income taxes is to reflect any expense or benefit as a component of its income tax provision. The total amount of interest and penalties recognized in the Consolidated Statements of Earnings was not material in 2014, 2013 and 2012. The total amount of interest and penalties recognized in the Consolidated Balance Sheets was \$3 as of August 3, 2014, and \$2 as of July 28, 2013.

The company does business internationally and, as a result, files income tax returns in the U.S. federal jurisdiction and various state and non-U.S. jurisdictions. In the normal course of business, the company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as the U.S., Australia, Canada and Denmark. The 2014 tax year is currently under audit by the Internal Revenue Service. In addition, several state income tax examinations are in progress for the years 2006 to 2013.

With limited exceptions, the company has been audited for income tax purposes in Denmark through 2008, and in Canada and Australia through 2009.

13. Short-term Borrowings and Long-term Debt

Short-term borrowings consist of the following:

| | 2014 | 2013 |
|---|-----------------|-----------------|
| Commercial paper | \$ 1,406 | \$ 1,162 |
| Current portion of long-term debt | 300 | 700 |
| Variable-rate bank borrowings | 47 | 44 |
| Fixed-rate bank borrowings | 17 | — |
| Capital leases | 1 | 2 |
| Other ⁽¹⁾ | — | 1 |
| | <u>\$ 1,771</u> | <u>\$ 1,909</u> |

⁽¹⁾ Other includes unamortized net premium/discount on debt issuances and amounts related to interest rate swaps designated as fair-value hedges. For additional information on fair-value interest rate swaps, see Note 14.

As of August 3, 2014, the weighted-average interest rate of commercial paper, which consisted of U.S. borrowings, was 0.27%. As of July 28, 2013, the weighted-average interest rate of commercial paper, which consisted of U.S. borrowings, was 0.19%.

At August 3, 2014, the company had \$1,771 of short-term borrowings due within one year, of which \$1,406 was comprised of commercial paper borrowings. As of August 3, 2014, \$49 of standby letters of credit were issued on behalf of the company. In December 2013, the company renewed its committed revolving credit facilities, combining two previous facilities totaling \$2,000 into a new five-year facility totaling \$2,200. The new facility matures in December 2018. This facility remained unused at August 3, 2014, except for \$3 of standby letters of credit issued on behalf of the company. This revolving credit facility supports the company's commercial paper programs and other general corporate purposes. The company may also increase the commitment under the credit facility up to an additional \$500, upon the agreement of either existing lenders or of additional banks not currently parties to the existing credit agreements.

Long-term debt consists of the following:

| Type | Fiscal Year of Maturity | Rate | 2014 | 2013 |
|----------------------------|--------------------------------|------------------|-----------------|-----------------|
| Notes | 2014 | 4.88% | \$ — | \$ 300 |
| Notes | 2014 | LIBOR plus 0.30% | — | 400 |
| Notes | 2015 | 3.38% | 300 | 300 |
| Notes | 2017 | 3.05% | 400 | 400 |
| Notes | 2019 | 4.50% | 300 | 300 |
| Notes | 2021 | 4.25% | 500 | 500 |
| Debentures | 2021 | 8.88% | 200 | 200 |
| Notes | 2023 | 2.50% | 450 | 450 |
| Notes | 2043 | 3.80% | 400 | 400 |
| Capital leases | | | 3 | 4 |
| Other ⁽¹⁾ | | | (9) | (10) |
| Total | | | 2,544 | 3,244 |
| Less current portion | | | 300 | 700 |
| Total long-term debt | | | \$ 2,244 | \$ 2,544 |

⁽¹⁾ Other includes unamortized net premium/discount on debt issuances.

Principal amounts of debt mature as follows: \$301 in 2015; \$1 in 2016; \$401 in 2017; \$1 in 2018; \$300 in 2019; and a total of \$1,550 in periods beyond 2019.

14. Financial Instruments

The principal market risks to which the company is exposed are changes in foreign currency exchange rates, interest rates, and commodity prices. In addition, the company is exposed to equity price changes related to certain deferred compensation obligations. In order to manage these exposures, the company follows established risk management policies and procedures, including the use of derivative contracts such as swaps, options, forwards and commodity futures. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The company's derivative programs include both instruments that qualify and that do not qualify for hedge accounting treatment.

Concentration of Credit Risk

The company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate counterparty credit risk, the company only enters into contracts with carefully selected, leading, credit-worthy financial institutions, and distributes contracts among several financial institutions to reduce the concentration of credit risk. The company does not have credit-risk-related contingent features in its derivative instruments as of August 3, 2014. During 2014, the company's largest customer accounted for approximately 19% of consolidated net sales. The company closely monitors credit risk associated with counterparties and customers.

Foreign Currency Exchange Risk

The company is exposed to foreign currency exchange risk related to its international operations, including non-functional currency intercompany debt and net investments in subsidiaries. The company is also exposed to foreign exchange risk as a result of transactions in currencies other than the functional currency of certain subsidiaries. Principal currencies hedged include the Canadian dollar, Australian dollar and U.S. dollar. The company utilizes foreign exchange forward purchase and sale contracts, as well as cross-currency swaps, to hedge these exposures. The contracts are either designated as cash-flow hedging instruments or are undesignated. The company hedges portions of its forecasted foreign currency transaction exposure with foreign exchange forward contracts for periods typically up to 18 months. To hedge currency exposures related to intercompany debt, foreign exchange forward purchase and sale contracts, as well as cross-currency swap contracts, are entered into for periods consistent with the underlying debt. As of August 3, 2014, cross-currency swap contracts mature between 11 and 35 months. The notional amount of foreign exchange forward and cross-currency swap contracts accounted for as cash-flow hedges was \$58 at August 3, 2014 and \$129 at July 28, 2013. The effective portion of the changes in fair value on these instruments is recorded in other comprehensive income (loss) and is reclassified into the Consolidated Statements of Earnings on the same line item and the same period in which the underlying hedged transaction affects earnings. The notional amount of foreign exchange forward and cross-

currency swap contracts that are not designated as accounting hedges was \$561 and \$895 at August 3, 2014 and July 28, 2013, respectively.

Interest Rate Risk

The company manages its exposure to changes in interest rates by optimizing the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps in order to maintain its variable-to-total debt ratio within targeted guidelines. Receive fixed rate/pay variable rate interest rate swaps were accounted for as fair-value hedges. The notional amount of outstanding fair-value interest rate swaps totaled \$200 at July 28, 2013. These swaps matured in October 2013. The company manages its exposure to interest rate volatility on future debt issuances by entering into forward starting interest rate swaps to lock in the rate on the interest payments related to the forecasted debt issuances. Pay fixed rate/receive variable rate forward starting interest rate swaps are accounted for as cash-flow hedges. The notional amount of outstanding forward starting interest rate swaps totaled \$250 at August 3, 2014 and at July 28, 2013. Forward starting interest rate swaps with a notional value of \$400 were settled in August 2012, at a loss of \$2, which was recorded in other comprehensive income (loss). The loss on the forward starting interest rate swaps will be amortized over the life of the 10-year debt issued in August 2012.

Commodity Price Risk

The company principally uses a combination of purchase orders and various short- and long-term supply arrangements in connection with the purchase of raw materials, including certain commodities and agricultural products. The company also enters into commodity futures, options and swap contracts to reduce the volatility of price fluctuations of diesel fuel, soybean oil, wheat, aluminum, natural gas, cocoa and corn, which impact the cost of raw materials. Commodity futures, options, and swap contracts are either accounted for as cash-flow hedges or are not designated as accounting hedges. The company hedges a portion of commodity requirements for periods typically up to 18 months. There were no commodity contracts accounted for as cash-flow hedges as of August 3, 2014 or July 28, 2013. The notional amount of commodity contracts not designated as accounting hedges was \$146 at August 3, 2014 and \$105 at July 28, 2013.

Equity Price Risk

The company enters into swap contracts which hedge a portion of exposures relating to certain deferred compensation obligations linked to the total return of the company's capital stock, the total return of the Vanguard Institutional Index, and the total return of the Vanguard Total International Stock Index. Under these contracts, the company pays variable interest rates and receives from the counterparty either the total return on company capital stock; the total return of the Standard & Poor's 500 Index, which is expected to approximate the total return of the Vanguard Institutional Index; or the total return of the iShares MSCI EAFE Index, which is expected to approximate the total return of the Vanguard Total International Stock Index. These contracts were not designated as hedges for accounting purposes and are entered into for periods typically not exceeding 12 months. The notional amounts of the contracts as of August 3, 2014 and July 28, 2013 were \$56 and \$50, respectively.

The following table summarizes the fair value of derivative instruments on a gross basis as recorded in the Consolidated Balance Sheets as of August 3, 2014 and July 28, 2013:

| | <u>Balance Sheet Classification</u> | <u>2014</u> | <u>2013</u> |
|--|-------------------------------------|--------------|--------------|
| Asset Derivatives | | | |
| Derivatives designated as hedges: | | | |
| Foreign exchange forward contracts | Other current assets | \$ 1 | \$ 2 |
| Forward starting interest rate swaps | Other current assets | 11 | — |
| Interest rate swaps | Other current assets | — | 1 |
| Forward starting interest rate swaps | Other assets | — | 23 |
| Total derivatives designated as hedges | | <u>\$ 12</u> | <u>\$ 26</u> |
| Derivatives not designated as hedges: | | | |
| Commodity derivative contracts | Other current assets | \$ 2 | \$ 2 |
| Deferred compensation derivative contracts | Other current assets | — | 2 |
| Foreign exchange forward contracts | Other current assets | 1 | 2 |
| Total derivatives not designated as hedges | | <u>\$ 3</u> | <u>\$ 6</u> |
| Total asset derivatives | | <u>\$ 15</u> | <u>\$ 32</u> |
| | | | |
| | <u>Balance Sheet Classification</u> | <u>2014</u> | <u>2013</u> |
| Liability Derivatives | | | |
| Derivatives designated as hedges: | | | |
| Cross-currency swap contracts | Accrued liabilities | \$ — | \$ 22 |
| Foreign exchange forward contracts | Accrued liabilities | 1 | 2 |
| Total derivatives designated as hedges | | <u>\$ 1</u> | <u>\$ 24</u> |
| Derivatives not designated as hedges: | | | |
| Commodity derivative contracts | Accrued liabilities | \$ 10 | \$ 6 |
| Cross-currency swap contracts | Accrued liabilities | 1 | 1 |
| Deferred compensation derivative contracts | Accrued liabilities | 3 | — |
| Foreign exchange forward contracts | Accrued liabilities | 2 | 4 |
| Commodity derivative contracts | Other liabilities | 1 | — |
| Cross-currency swap contracts | Other liabilities | 5 | 1 |
| Total derivatives not designated as hedges | | <u>\$ 22</u> | <u>\$ 12</u> |
| Total liability derivatives | | <u>\$ 23</u> | <u>\$ 36</u> |

The company does not offset the fair values of derivative assets and liabilities executed with the same counterparty that are generally subject to enforceable netting agreements. However, if the company were to offset and record the asset and liability balances of derivatives on a net basis, the amounts presented in the Consolidated Balance Sheets as of August 3, 2014 and July 28, 2013 would be adjusted as detailed in the following table:

| Derivative Instrument | 2014 | | | 2013 | | |
|---------------------------------------|---|---|------------|---|---|------------|
| | Gross Amounts Presented in the Consolidated Balance Sheet | Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Netting Agreements | Net Amount | Gross Amounts Presented in the Consolidated Balance Sheet | Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Netting Agreements | Net Amount |
| Total asset derivatives | \$ 15 | \$ (4) | \$ 11 | \$ 32 | \$ (8) | \$ 24 |
| Total liability derivatives | \$ 23 | \$ (4) | \$ 19 | \$ 36 | \$ (8) | \$ 28 |

The company does not offset fair value amounts recognized for exchange-traded commodity derivative instruments and cash margin accounts executed with the same counterparty that are subject to enforceable netting agreements. The company is required to maintain cash margin accounts in connection with funding the settlement of open positions. At August 3, 2014 and July 28, 2013, a cash margin account balance of \$14 and \$7, respectively, was included in Other current assets in the Consolidated Balance Sheets.

The following tables show the effect of the company's derivative instruments designated as cash-flow hedges for the years ended August 3, 2014, and July 28, 2013, in other comprehensive income (loss) (OCI) and the Consolidated Statements of Earnings:

Derivatives Designated as Cash-Flow Hedges

| | Total Cash-Flow Hedge OCI Activity | |
|--|---|-------------|
| | 2014 | 2013 |
| OCI derivative gain (loss) at beginning of year | \$ 8 | \$ (16) |
| Effective portion of changes in fair value recognized in OCI: | | |
| Forward starting interest rate swaps | (12) | 19 |
| Cross-currency swap contracts | — | 1 |
| Amount of (gain) loss reclassified from OCI to earnings: Location in Earnings | | |
| Foreign exchange forward contracts Cost of products sold | (4) | 1 |
| Foreign exchange forward contracts Other expenses / (income) | 1 | (1) |
| Forward starting interest rate swaps Interest expense | 3 | 4 |
| OCI derivative gain (loss) at end of year | <u>\$ (4)</u> | <u>\$ 8</u> |

Based on current valuations, the amount expected to be reclassified from OCI into earnings within the next 12 months is a loss of \$3. The ineffective portion and amount excluded from effectiveness testing were not material.

The following table shows the effect of the company's derivative instruments designated as fair-value hedges in the Consolidated Statements of Earnings:

| Derivatives Designated as Fair-Value Hedges | Location of Gain (Loss) Recognized in Earnings | Amount of Gain (Loss) Recognized in Earnings on Derivatives | | Amount of Gain (Loss) Recognized in Earnings on Hedged Item | |
|--|---|--|---------|--|-------|
| | | 2014 | 2013 | 2014 | 2013 |
| Interest rate swaps | Interest expense | \$ (1) | \$ (12) | \$ 1 | \$ 12 |

The following table shows the effects of the company's derivative instruments not designated as hedges in the Consolidated Statements of Earnings:

| Derivatives not Designated as Hedges | Location of Gain (Loss) Recognized in Earnings | Amount of Gain (Loss) Recognized in Earnings on Derivatives | |
|--|---|---|--------------|
| | | 2014 | 2013 |
| Foreign exchange forward contracts | Cost of products sold | \$ 3 | \$ — |
| Foreign exchange forward contracts | Other expenses/income | (12) | — |
| Cross-currency swap contracts | Other expenses/income | 7 | 39 |
| Commodity derivative contracts | Cost of products sold | (4) | (6) |
| Deferred compensation derivative contracts | Administrative expenses | 2 | 16 |
| Total | | <u>\$ (4)</u> | <u>\$ 49</u> |

15. Fair Value Measurements

Financial assets and liabilities are categorized based on the following fair value hierarchy:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with observable market data.
- Level 3: Unobservable inputs, which are valued based on the company's estimates of assumptions that market participants would use in pricing the asset or liability.

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. When available, the company uses unadjusted quoted market prices to measure the fair value and classifies such items as Level 1. If quoted market prices are not available, the company bases fair value upon internally developed models that use current market-based or independently sourced market parameters such as interest rates and currency rates. Included in the fair value of derivative instruments is an adjustment for credit and nonperformance risk.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the company's financial assets and liabilities that are measured at fair value on a recurring basis as of August 3, 2014, and July 28, 2013, consistent with the fair value hierarchy:

| | Fair Value as of August 3, 2014 | Fair Value Measurements at August 3, 2014 Using Fair Value Hierarchy | | | Fair Value as of July 28, 2013 | Fair Value Measurements at July 28, 2013 Using Fair Value Hierarchy | | |
|---|--|--|--------------|-------------|---|---|--------------|-------------|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Assets | | | | | | | | |
| Interest rate swaps ⁽¹⁾ | \$ — | \$ — | \$ — | \$ — | \$ 1 | \$ — | \$ 1 | \$ — |
| Forward starting interest rate swaps ⁽¹⁾ | 11 | — | 11 | — | 23 | — | 23 | — |
| Foreign exchange forward contracts ⁽²⁾ | 2 | — | 2 | — | 4 | — | 4 | — |
| Commodity derivative contracts ⁽³⁾ | 2 | 1 | 1 | — | 2 | 2 | — | — |
| Deferred compensation derivative contracts ⁽⁴⁾ | — | — | — | — | 2 | — | 2 | — |
| Total assets at fair value | \$ 15 | \$ 1 | \$ 14 | \$ — | \$ 32 | \$ 2 | \$ 30 | \$ — |

| | Fair Value as of August 3, 2014 | Fair Value Measurements at August 3, 2014 Using Fair Value Hierarchy | | | Fair Value as of July 28, 2013 | Fair Value Measurements at July 28, 2013 Using Fair Value Hierarchy | | |
|--|--|--|--------------|-------------|---|---|--------------|-------------|
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Liabilities | | | | | | | | |
| Foreign exchange forward contracts ⁽²⁾ | \$ 3 | \$ — | \$ 3 | \$ — | \$ 6 | \$ — | \$ 6 | \$ — |
| Cross-currency swap contracts ⁽⁵⁾ | 6 | — | 6 | — | 24 | — | 24 | — |
| Commodity derivative contracts ⁽³⁾ | 11 | 11 | — | — | 6 | 5 | 1 | — |
| Deferred compensation derivative contracts ⁽⁴⁾ | 3 | — | 3 | — | — | — | — | — |
| Deferred compensation obligation ⁽⁶⁾ | 123 | 123 | — | — | 123 | 123 | — | — |
| Total liabilities at fair value | <u>\$ 146</u> | <u>\$ 134</u> | <u>\$ 12</u> | <u>\$ —</u> | <u>\$ 159</u> | <u>\$ 128</u> | <u>\$ 31</u> | <u>\$ —</u> |

(1) Based on LIBOR swap rates.

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

(3) Based on quoted futures exchanges and on observable prices of futures and options transactions in the marketplace.

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

(5) Based on observable local benchmarks for currency and interest rates.

(6) Based on the fair value of the participants' investments.

Items Measured at Fair Value on a Nonrecurring Basis

In addition to assets and liabilities that are measured at fair value on a recurring basis, the company is also required to measure certain items at fair value on a nonrecurring basis.

In the second quarter of 2014, the company recognized an impairment charge of \$11 on plant assets associated with the initiative to restructure manufacturing and streamline operations for its soup and broth business in China. See also Note 8. The carrying value was reduced to estimated fair value based on expected proceeds. The carrying value was not material.

On October 28, 2013, the company completed the sale of its European simple meals business. The assets and liabilities of the European business have been reflected in assets and liabilities held for sale in the Consolidated Balance Sheet as of July 28, 2013. The company has reflected the results of the business as discontinued operations in the Consolidated Statements of Earnings for all years presented. The business was historically included in the International Simple Meals and Beverages segment.

In the fourth quarter of 2013, as part of the company's annual review of intangible assets, an impairment charge of \$360 was recorded on goodwill for the simple meals business in Europe to reduce the carrying value to the implied fair value of \$110. The impairment was attributable to a combination of factors, including the existence of a firm offer to purchase the business; a revised future outlook for the business, with reduced expectations for future sales and discounted cash flows, given the economic uncertainty in the region; future investments required to maintain performance; and management's assumptions on the weighted average cost of capital. Fair value was determined based on discounted cash flow analyses, which are unobservable Level 3 inputs, and taking into account the firm offer. The discounted estimates of future cash flows include significant management assumptions such as revenue growth rates, operating margins, weighted average cost of capital, and future economic and market conditions.

In the fourth quarter of 2013, as part of the company's annual review of intangible assets, an impairment charge of \$36 was recognized on trademarks used in the European simple meals business. See also Note 6. Fair value was determined based on unobservable Level 3 inputs. Fair value was determined based on discounted cash flow analysis that include significant management assumptions such as revenue growth rates, weighted average costs of capital, and assumed royalty rates.

The following table presents the company's fair value measurements of intangible assets that were recognized in the year ended July 28, 2013:

| Intangible assets | 2013 | |
|---------------------------|------------|------------|
| | Impairment | Fair Value |
| <i>Blå Band</i> | \$ 1 | \$ 19 |
| <i>Heisse Tasse</i> | \$ 4 | \$ 6 |
| <i>Isomitta</i> | \$ 8 | \$ 4 |
| <i>Royco</i> | \$ 23 | \$ 53 |

In 2013, the company also recognized \$99 of accelerated depreciation/asset impairment on plant assets associated with the 2013 restructuring initiatives described in Note 8. The carrying value of assets was reduced to estimated fair value based on expected proceeds. The carrying value was \$29 at July 28, 2013.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings, excluding the current portion of long-term debt, approximate fair value.

Cash equivalents of \$46 at August 3, 2014 and \$4 at July 28, 2013 represent fair value as these highly liquid investments have an original maturity of three months or less. Fair value of cash equivalents is based on Level 2 inputs.

The fair value of long-term debt, including the current portion of long-term debt in Short-term borrowings, was \$2,647 at August 3, 2014 and \$3,299 at July 28, 2013. The carrying value was \$2,544 at August 3, 2014 and \$3,244 at July 28, 2013. The fair value of long-term debt is principally estimated using Level 2 inputs based on quoted market prices or pricing models using current market rates.

16. Shareholders' Equity

The company has authorized 560 million shares of Capital stock with \$.0375 par value and 40 million shares of Preferred stock, issuable in one or more classes, with or without par as may be authorized by the Board of Directors. No Preferred stock has been issued.

In December 2012, 219 million shares held as treasury stock were retired and returned to unissued status.

Share Repurchase Programs

In June 2011, the Board authorized the purchase of up to \$1,000 of company stock. This program has no expiration date. Purchases under the program were suspended from July 2012 through 2014. Approximately \$750 remained available under this program as of August 3, 2014. The company also repurchases shares to offset the impact of dilution from shares issued under the company's stock compensation plans. In 2014, the company repurchased 2 million shares at a cost of \$76. In 2013, the company repurchased 4 million shares at a cost of \$153. In 2012, the company repurchased 13 million shares at a cost of \$412. Of this amount, \$250 was used to repurchase shares pursuant to the company's June 2011 publicly announced share repurchase program.

17. Stock-based Compensation

In 2003, shareholders approved the 2003 Long-Term Incentive Plan, which authorized the issuance of 28 million shares to satisfy awards of stock options, stock appreciation rights, unrestricted stock, restricted stock/units (including performance restricted stock) and performance units. Approximately 3.2 million shares available under a previous long-term plan were rolled into the 2003 Long-Term Incentive Plan, making the total number of available shares approximately 31.2 million. In November 2005, shareholders approved the 2005 Long-Term Incentive Plan, which authorized the issuance of an additional 6 million shares to satisfy the same types of awards.

Awards under Long-Term Incentive Plans may be granted to employees and directors. The term of a stock option granted under these plans may not exceed ten years from the date of grant. Options granted under these plans vest cumulatively over a three-year period at a rate of 30%, 60% and 100%, respectively. The option price may not be less than the fair market value of a share of common stock on the date of the grant.

Pursuant to the Long-Term Incentive Plan, the company adopted a long-term incentive compensation program which provides for grants of total shareholder return (TSR) performance restricted stock/units, EPS performance restricted stock/units, strategic performance restricted stock/units and time-lapse restricted stock/units. Under the program, awards of TSR performance restricted stock/units will be earned by comparing the company's total shareholder return during a three-year period to the respective total shareholder returns of companies in a performance peer group. Based upon the company's ranking in the performance peer group, a recipient of TSR performance restricted stock/units may earn a total award ranging from 0% to 225% of the initial grant. Awards of EPS performance restricted stock/units will be earned based upon the company's achievement of annual earnings per share

goals. During the three-year vesting period, a recipient of EPS performance restricted stock/units may earn a total award of either 0% or 100% of the initial grant. Awards of the strategic performance restricted stock units are earned based upon the achievement of two key metrics, net sales and EPS growth, compared to strategic plan objectives during a two- or three-year period. A recipient of strategic performance restricted stock units may earn a total award ranging from 0% to 200% of the initial grant. Awards of time-lapse restricted stock/units will vest ratably over the three-year period. In addition, the company may issue special grants of time-lapse restricted stock/units to attract and retain executives which vest ratably over various periods. Awards are generally granted annually in October. Annual stock option grants were not part of the long-term incentive compensation program for 2012, 2013, or 2014. However, stock options may still be granted on a selective basis under the Long-Term Incentive Plans.

In 2014, the company issued time-lapse restricted stock units, EPS performance restricted stock units, strategic performance restricted stock units and TSR performance restricted stock units.

Total pre-tax stock-based compensation expense recognized in Earnings from continuing operations was \$56 for 2014, \$109 for 2013 and \$76 for 2012. The pre-tax stock-based compensation expense recognized in Earnings (loss) from discontinued operations was \$1 for 2014, \$4 for 2013 and \$3 for 2012. Tax-related benefits of \$21 were recognized for 2014, \$42 were recognized for 2013 and \$29 were recognized for 2012.

The following table summarizes stock option activity as of August 3, 2014:

| | Options (Options in thousands) | Weighted- Average Exercise Price | Weighted- Average Remaining Contractual Life (In years) | Aggregate Intrinsic Value |
|---|--------------------------------------|---|--|---------------------------------|
| Outstanding at July 28, 2013 | 1,101 | \$ 27.25 | | |
| Granted | — | \$ — | | |
| Exercised | (693) | \$ 26.64 | | |
| Terminated | — | \$ — | | |
| Outstanding at August 3, 2014 | <u>408</u> | <u>\$ 28.33</u> | <u>0.6</u> | <u>\$ 6</u> |
| Exercisable at August 3, 2014 | <u>408</u> | <u>\$ 28.33</u> | <u>0.6</u> | <u>\$ 6</u> |

The total intrinsic value of options exercised during 2014, 2013 and 2012, was \$12, \$36 and \$31, respectively. As of January 2009, compensation related to stock options was fully expensed. The company measured the fair value of stock options using the Black-Scholes option pricing model.

The following table summarizes time-lapse restricted stock units, EPS performance restricted stock units and strategic performance restricted stock units as of August 3, 2014:

| | Units (Restricted stock units in thousands) | Weighted- Average Grant-Date Fair Value |
|---------------------------------------|---|--|
| Nonvested at July 28, 2013 | 4,208 | \$ 34.05 |
| Granted | 1,742 | \$ 39.97 |
| Vested | (2,595) | \$ 33.26 |
| Forfeited | (361) | \$ 37.93 |
| Nonvested at August 3, 2014 | <u>2,994</u> | <u>\$ 37.69</u> |

The fair value of time-lapse restricted stock units, EPS performance restricted stock units, and strategic performance restricted stock units is determined based on the quoted price of the company's stock at the date of grant. Time-lapse restricted stock units are expensed on a straight-line basis over the vesting period, except for awards issued to retirement-eligible participants, which are expensed on an accelerated basis. EPS performance restricted stock units are expensed on a graded-vesting basis, except for awards issued to retirement-eligible participants, which are expensed on an accelerated basis. There were 251 thousand EPS performance target grants outstanding at August 3, 2014 with a weighted-average grant-date fair value of \$37.49. Strategic performance restricted stock units are expensed on a straight-line basis over the service period. There were 887 thousand strategic performance target grants outstanding at August 3, 2014 with a weighted-average grant-date fair value of \$37.80. The actual number of EPS performance restricted stock units and strategic performance restricted stock units that vest will depend on actual performance achieved. Expense is estimated based on the number of awards expected to vest.

On July 1, 2011, the company issued approximately 400 thousand special retention time-lapse restricted stock units to certain executives to support successful execution of the company's shift in strategic direction and leadership transition. These awards vested over a period of 2 years. The grant-date fair value was \$34.65.

As of August 3, 2014, total remaining unearned compensation related to nonvested time-lapse restricted stock units, EPS performance restricted stock units and strategic performance restricted stock units was \$34, which will be amortized over the weighted-average remaining service period of 1.7 years. The fair value of restricted stock units vested during 2014, 2013 and 2012 was \$106, \$57 and \$38, respectively. The weighted-average grant-date fair value of the restricted stock units granted during 2013 and 2012 was \$35.44 and \$32.38, respectively.

The following table summarizes TSR performance restricted stock units as of August 3, 2014:

| | Units (Restricted stock units in thousands) | Weighted- Average Grant-Date Fair Value |
|---------------------------------------|---|--|
| Nonvested at July 28, 2013 | 1,458 | \$ 41.88 |
| Granted | 458 | \$ 36.26 |
| Vested | — | \$ — |
| Forfeited | (1,055) | \$ 42.54 |
| Nonvested at August 3, 2014 | 861 | \$ 38.15 |

The company estimated the fair value of TSR performance restricted stock units at the grant date using a Monte Carlo simulation. Assumptions used in the Monte Carlo simulation were as follows:

| | 2014 | 2013 |
|-----------------------------------|---------|---------|
| Risk-free interest rate | 0.60% | 0.30% |
| Expected dividend yield | 2.98% | 3.26% |
| Expected volatility | 15.76% | 15.07% |
| Expected term | 3 years | 3 years |

Compensation expense is recognized on a straight-line basis over the service period. As of August 3, 2014, total remaining unearned compensation related to TSR performance restricted stock units was \$15, which will be amortized over the weighted-average remaining service period of 1.8 years. In the first quarter of 2014 and 2013, recipients of TSR performance restricted stock units earned 0% of the initial grants based upon the company's TSR ranking in a performance peer group during a three-year period ended July 26, 2013 and July 27, 2012, respectively. The grant-date fair value of the TSR performance restricted stock units granted during 2013 was \$39.76. There were no TSR performance restricted stock units granted during 2012.

The excess tax benefits on the exercise of stock options and vested restricted stock presented as cash flows from financing activities were \$13 in 2014, \$12 in 2013 and \$8 in 2012. Cash received from the exercise of stock options was \$18, \$83 and \$112 for 2014, 2013 and 2012, respectively, and are reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

18. Commitments and Contingencies

The company is a party to legal proceedings and claims arising out of the normal course of business.

Management assesses the probability of loss for all legal proceedings and claims and has recognized liabilities for such contingencies, as appropriate. Although the results of these matters cannot be predicted with certainty, in management's opinion, the final outcome of legal proceedings and claims will not have a material adverse effect on the consolidated results of operations or financial condition of the company.

The company has certain operating lease commitments, primarily related to warehouse and office facilities, and certain equipment. Rent expense under operating lease commitments was \$50 in 2014, \$54 in 2013 and \$48 in 2012. These amounts included \$2 in 2014, \$8 in 2013 and \$9 in 2012 related to discontinued operations. Future minimum annual rental payments under these operating leases as of August 3, 2014 are as follows:

| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>Thereafter</u> |
|-------------|-------------|-------------|-------------|-------------|-------------------|
| \$38 | \$32 | \$26 | \$22 | \$18 | \$58 |

The company guarantees approximately 2,000 bank loans made to Pepperidge Farm independent sales distributors by third-party financial institutions for the purchase of distribution routes. The maximum potential amount of future payments under

existing guarantees the company could be required to make is \$179. The company's guarantees are indirectly secured by the distribution routes. The company does not believe it is probable that it will be required to make guarantee payments as a result of defaults on the bank loans guaranteed. The amounts recognized as of August 3, 2014, and July 28, 2013, were not material.

The company has provided certain standard indemnifications in connection with divestitures, contracts and other transactions. Certain indemnifications have finite expiration dates. Liabilities recognized based on known exposures related to such matters were not material at August 3, 2014, or July 28, 2013.

19. Supplemental Financial Statement Data

Balance Sheets

| | 2014 | 2013 |
|---|-----------------|-----------------|
| Accounts receivable | | |
| Customer accounts receivable | \$ 597 | \$ 587 |
| Allowances | (12) | (11) |
| Subtotal | 585 | 576 |
| Other | 85 | 59 |
| | <u>\$ 670</u> | <u>\$ 635</u> |
| Inventories | | |
| Raw materials, containers and supplies | \$ 399 | \$ 364 |
| Finished products | 617 | 561 |
| | <u>\$ 1,016</u> | <u>\$ 925</u> |
| Other current assets | | |
| Deferred taxes | \$ 96 | \$ 90 |
| Fair value of derivatives | 15 | 9 |
| Other | 71 | 36 |
| | <u>\$ 182</u> | <u>\$ 135</u> |
| Plant assets | | |
| Land | \$ 62 | \$ 59 |
| Buildings | 1,384 | 1,349 |
| Machinery and equipment | 3,856 | 4,017 |
| Projects in progress | 217 | 230 |
| Total cost | 5,519 | 5,655 |
| Accumulated depreciation ⁽¹⁾ | (3,201) | (3,395) |
| | <u>\$ 2,318</u> | <u>\$ 2,260</u> |
| Other assets | | |
| Fair value of derivatives | \$ — | \$ 23 |
| Deferred taxes | 32 | 27 |
| Other | 55 | 81 |
| | <u>\$ 87</u> | <u>\$ 131</u> |

| | 2014 | 2013 |
|---|---------------|---------------|
| Accrued liabilities | | |
| Accrued compensation and benefits | \$ 237 | \$ 270 |
| Fair value of derivatives | 17 | 35 |
| Accrued trade and consumer promotion programs | 122 | 137 |
| Accrued interest | 37 | 41 |
| Restructuring | 31 | 21 |
| Other | 109 | 113 |
| | <u>\$ 553</u> | <u>\$ 617</u> |
| Other liabilities | | |
| Pension benefits | \$ 170 | \$ 190 |
| Deferred compensation ⁽²⁾ | 109 | 112 |
| Postretirement benefits | 359 | 361 |
| Fair value of derivatives | 6 | 1 |
| Unrecognized tax benefits | 23 | 40 |
| Other | 62 | 72 |
| | <u>\$ 729</u> | <u>\$ 776</u> |

⁽¹⁾ Depreciation expense was \$287 in 2014, \$393 in 2013 and \$258 in 2012. Depreciation expense of continuing operations was \$287 in 2014, \$382 in 2013 and \$247 in 2012. Buildings are depreciated over periods ranging from 7 to 45 years. Machinery and equipment are depreciated over periods generally ranging from 2 to 20 years.

⁽²⁾ The deferred compensation obligation represents unfunded plans maintained for the purpose of providing the company's directors and certain of its executives the opportunity to defer a portion of their compensation. All forms of compensation contributed to the deferred compensation plans are accounted for in accordance with the underlying program. Deferrals and company contributions are credited to an investment account in the participant's name, although no funds are actually contributed to the investment account and no investments are actually purchased. Seven investment choices are available, including: (1) a book account that tracks the total return on company stock; (2) a book account that tracks the performance of the Vanguard Institutional Index; (3) a book account that tracks the performance of the Vanguard Extended Market Index; (4) a book account that tracks the performance of the Vanguard Total International Stock Index; (5) a book account that tracks the performance of the Vanguard Total Bond Market Index; (6) a book account that tracks the performance of the Vanguard Short-Term Bond Index; and (7) a book account that tracks the BlackRock Liquidity TempFund. Participants can reallocate investments daily and are entitled to the gains and losses on investment funds. The company recognizes an amount in the Consolidated Statements of Earnings for the market appreciation/depreciation of each fund.

Statements of Earnings

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|---------------|---------------|---------------|
| Other Expenses/(Income) | | | |
| Foreign exchange (gains)/losses ⁽¹⁾ | \$ 6 | \$ 3 | \$ (3) |
| Amortization of intangible assets | 18 | 14 | 1 |
| Acquisition related costs | — | 10 | 5 |
| Other | (2) | 2 | 8 |
| | <u>\$ 22</u> | <u>\$ 29</u> | <u>\$ 11</u> |
| Advertising and consumer promotion expense ⁽²⁾ | \$ 411 | \$ 419 | \$ 476 |
| Interest expense | | | |
| Interest expense | \$ 124 | \$ 138 | \$ 116 |
| Less: Interest capitalized | 2 | 3 | 2 |
| | <u>\$ 122</u> | <u>\$ 135</u> | <u>\$ 114</u> |

⁽¹⁾ 2014 included a loss of \$9 on foreign exchange forward contracts used to hedge the proceeds from the sale of the European simple meals business.

⁽²⁾ Included in Marketing and selling expenses.

Statements of Cash Flows

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|----------------|----------------|----------------|
| <u>Cash Flows from Operating Activities</u> | | | |
| Other non-cash charges to net earnings | | | |
| Non-cash compensation/benefit related expense | \$ 114 | \$ 134 | \$ 106 |
| Other | 4 | 21 | 12 |
| | <u>\$ 118</u> | <u>\$ 155</u> | <u>\$ 118</u> |
| Other | | | |
| Benefit related payments | \$ (52) | \$ (54) | \$ (84) |
| Other | (1) | (4) | (2) |
| | <u>\$ (53)</u> | <u>\$ (58)</u> | <u>\$ (86)</u> |
| Other Cash Flow Information | | | |
| Interest paid | \$ 122 | \$ 124 | \$ 115 |
| Interest received | 3 | 10 | 8 |
| Income taxes paid | \$ 421 | \$ 345 | \$ 300 |

20. Voluntary Product Recall

On November 8, 2013, the company voluntarily recalled a range of Plum products packaged in resealable pouches after discovering a manufacturing defect that may cause spoilage in some pouches. In the first quarter of 2014, the company recognized costs of \$16 (\$11 after tax or \$.03 per share) associated with the recall, including estimates for customer returns and consumer rebates, costs associated with returned product and the disposal and write-off of inventory.

21. Quarterly Data (unaudited)

| | 2014 | | | |
|---|----------|----------|----------|----------|
| | First | Second | Third | Fourth |
| Net sales | \$ 2,165 | \$ 2,281 | \$ 1,970 | \$ 1,852 |
| Gross profit | 777 | 814 | 676 | 631 |
| Earnings from continuing operations attributable to Campbell Soup Company | 181 | 235 | 184 | 137 |
| Earnings (loss) from discontinued operations | (9) | 90 | — | — |
| Net earnings attributable to Campbell Soup Company | 172 | 325 | 184 | 137 |
| Per share - basic | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | .58 | .75 | .59 | .44 |
| Earnings (loss) from discontinued operations | (.03) | .29 | — | — |
| Net earnings attributable to Campbell Soup Company ⁽¹⁾ | .55 | 1.04 | .59 | .44 |
| Dividends | .312 | .312 | .312 | .312 |
| Per share - assuming dilution | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | .57 | .74 | .58 | .43 |
| Earnings (loss) from discontinued operations | (.03) | .28 | — | — |
| Net earnings attributable to Campbell Soup Company ⁽¹⁾ | .54 | 1.03 | .58 | .43 |
| Market price | | | | |
| High | \$ 48.08 | \$ 43.70 | \$ 45.48 | \$ 46.67 |
| Low | \$ 39.87 | \$ 38.30 | \$ 39.60 | \$ 41.39 |

⁽¹⁾ The sum of the individual per share amounts may not add due to rounding.

| | 2014 | | | |
|--|-------|---------|-------|--------|
| | First | Second | Third | Fourth |
| In 2014, the following charges were recorded in Earnings from continuing operations attributable to Campbell Soup Company: | | | | |
| Restructuring charges and related costs (see Note 8) | \$ 15 | \$ 5 | \$ 1 | \$ 15 |
| Pension settlement charges (see Note 11) | — | — | 11 | 3 |
| Loss on foreign exchange forward contracts related to the sale of the European simple meals business (see Note 19) | 6 | — | — | — |
| Tax expense associated with the sale of the European simple meals business | 7 | — | — | — |
| Per share - assuming dilution | | | | |
| Restructuring charges and related costs | .05 | .02 | — | .05 |
| Pension settlement charges | — | — | .03 | .01 |
| Loss on foreign exchange forward contracts related to the sale of the European simple meals business | .02 | — | — | — |
| Tax expense associated with the sale of the European simple meals business | .02 | — | — | — |
| In 2014, the following charges (gains) were recorded in Earnings (loss) from discontinued operations: | | | | |
| Taxes, costs associated with the sale, and gain on sale of the European simple meals business (see Note 4) | \$ 18 | \$ (90) | \$ — | \$ — |
| Per share - assuming dilution | | | | |
| Taxes, costs associated with the sale, and gain on sale of the European simple meals business | .06 | (.28) | — | — |

| | 2013 | | | |
|---|----------|----------|----------|----------|
| | First | Second | Third | Fourth |
| Net sales | \$ 2,205 | \$ 2,162 | \$ 1,962 | \$ 1,723 |
| Gross profit | 821 | 762 | 706 | 623 |
| Earnings from continuing operations attributable to Campbell Soup Company | 232 | 171 | 169 | 117 |
| Earnings (loss) from discontinued operations | 13 | 19 | 12 | (275) |
| Net earnings (loss) attributable to Campbell Soup Company | 245 | 190 | 181 | (158) |
| Per share - basic | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | .74 | .54 | .54 | .37 |
| Earnings (loss) from discontinued operations | .04 | .06 | .04 | (.88) |
| Net earnings (loss) attributable to Campbell Soup Company ⁽¹⁾ | .78 | .61 | .58 | (.50) |
| Dividends | .29 | .58 | — | .29 |
| Per share - assuming dilution | | | | |
| Earnings from continuing operations attributable to Campbell Soup Company | .73 | .54 | .53 | .37 |
| Earnings (loss) from discontinued operations | .04 | .06 | .04 | (.87) |
| Net earnings (loss) attributable to Campbell Soup Company ⁽¹⁾ | .78 | .60 | .57 | (.50) |
| Market price | | | | |
| High | \$ 36.28 | \$ 37.16 | \$ 46.85 | \$ 48.83 |
| Low | \$ 32.24 | \$ 34.30 | \$ 36.09 | \$ 42.32 |

⁽¹⁾ The sum of the individual per share amounts may not add due to rounding.

| | 2013 | | | |
|--|-------|--------|-------|--------|
| | First | Second | Third | Fourth |
| In 2013, the following charges were recorded in Earnings from continuing operations: | | | | |
| Restructuring charges and related costs (see Note 8) | \$ 27 | \$ 30 | \$ 14 | \$ 19 |
| Acquisition transaction costs (see Note 3) | 7 | — | — | — |
| Per share - assuming dilution | | | | |
| Restructuring charges and related costs | .09 | .09 | .04 | .06 |
| Acquisition transaction costs | .02 | — | — | — |
| In 2013, the following charges were recorded in Earnings (loss) from discontinued operations: | | | | |
| Impairment on the intangible assets of the European simple meals business (see Note 6) | \$ — | \$ — | \$ — | \$ 263 |
| Taxes on the difference between the book value and tax basis of the European simple meals business (see Note 12) | — | — | — | 18 |
| Per share - assuming dilution | | | | |
| Impairment on the intangible assets of the European simple meals business | — | — | — | .83 |
| Taxes on the difference between the book value and tax basis of the European simple meals business | — | — | — | .06 |

Reports of Management

Management's Report on Financial Statements

The accompanying financial statements have been prepared by the company's management in conformity with generally accepted accounting principles to reflect the financial position of the company and its operating results. The financial information appearing throughout this Report is consistent with the financial statements. Management is responsible for the information and representations in such financial statements, including the estimates and judgments required for their preparation. The financial statements have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears herein.

The Audit Committee of the Board of Directors, which is composed entirely of Directors who are not officers or employees of the company, meets regularly with the company's worldwide internal auditing department, other management personnel, and the independent registered public accounting firm. The independent registered public accounting firm and the internal auditing department have had, and continue to have, direct access to the Audit Committee without the presence of other management personnel, and have been directed to discuss the results of their audit work and any matters they believe should be brought to the Committee's attention. The internal auditing department and the independent registered public accounting firm report directly to the Audit Committee.

Management's Report on Internal Control Over Financial Reporting

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

The company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and Directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The company's management assessed the effectiveness of the company's internal control over financial reporting as of August 3, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (1992)*. Based on this assessment using those criteria, management concluded that the company's internal control over financial reporting was effective as of August 3, 2014.

The effectiveness of the company's internal control over financial reporting as of August 3, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears herein.

/s/ Denise M. Morrison

Denise M. Morrison

President and Chief Executive Officer

/s/ Anthony P. DiSilvestro

Anthony P. DiSilvestro

Senior Vice President — Chief Financial Officer

/s/ William J. O'Shea

William J. O'Shea

Vice President — Controller

(Principal Accounting Officer)

September 24, 2014

Report of Independent Registered Public Accounting Firm

To the Shareholders and Directors of Campbell Soup Company

In our opinion, the consolidated financial statements listed in the accompanying index appearing under Item 15(1) present fairly, in all material respects, the financial position of Campbell Soup Company and its subsidiaries at August 3, 2014 and July 28, 2013, and the results of their operations and their cash flows for each of the three fiscal years in the period ended August 3, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index appearing under Item 15(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 3, 2014, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

September 24, 2014

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

The company, under the supervision and with the participation of its management, including the President and Chief Executive Officer and the Senior Vice President — Chief Financial Officer, has evaluated the effectiveness of the company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of August 3, 2014 (Evaluation Date). Based on such evaluation, the President and Chief Executive Officer and the Senior Vice President — Chief Financial Officer have concluded that, as of the Evaluation Date, the company's disclosure controls and procedures are effective.

The annual report of management on the company's internal control over financial reporting is provided under "Financial Statements and Supplementary Data" on pages 76-77. The attestation report of PricewaterhouseCoopers LLP, the company's independent registered public accounting firm, regarding the company's internal control over financial reporting is provided under "Financial Statements and Supplementary Data" on page 78.

There were no changes in the company's internal control over financial reporting that materially affected, or were likely to materially affect, such control over financial reporting during the quarter ended August 3, 2014.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The sections entitled "Election of Directors," "Security Ownership of Directors and Executive Officers" and "Director and Executive Officer Stock Ownership Reports" in the company's Proxy Statement for the Annual Meeting of Shareholders to be held on November 19, 2014 (the 2014 Proxy) are incorporated herein by reference. The information presented in the section entitled "Corporate Governance — Board Committee Structure" in the 2014 Proxy relating to the members of the company's Audit Committee and the Audit Committee's financial expert is incorporated herein by reference.

Certain of the information required by this Item relating to the executive officers of the company is set forth under the heading "Executive Officers of the Company."

The company has adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers that applies to the company's Chief Executive Officer, Chief Financial Officer, Controller and members of the Chief Financial Officer's financial leadership team. The Code of Ethics for the Chief Executive Officer and Senior Financial Officers is posted on the company's website, www.campbellsoupcompany.com (under the "About Us — Corporate Governance" caption). The company intends to satisfy the disclosure requirement regarding any amendment to, or a waiver of, a provision of the Code of Ethics for the Chief Executive Officer and Senior Financial Officers by posting such information on its website.

The company has also adopted a separate Code of Business Conduct and Ethics applicable to the Board of Directors, the company's officers and all of the company's employees. The Code of Business Conduct and Ethics is posted on the company's website, www.campbellsoupcompany.com (under the "About Us — Corporate Governance" caption). The company's Corporate Governance Standards and the charters of the company's four standing committees of the Board of Directors can also be found at this website. Printed copies of the foregoing are available to any shareholder requesting a copy by:

- writing to Investor Relations, Campbell Soup Company, 1 Campbell Place, Camden, NJ 08103-1799;
- calling 1-800-840-2865; or
- e-mailing the company's Investor Relations Department at investorrelations@campbellsoup.com.

Item 11. Executive Compensation

The information presented in the sections entitled "Compensation Discussion and Analysis," "Fiscal 2014 Summary Compensation Table," "Grants of Plan-Based Awards in Fiscal 2014," "Outstanding Equity Awards at 2014 Fiscal Year-End," "Option Exercises and Stock Vested in Fiscal 2014," "Pension Benefits — Fiscal 2014," "Nonqualified Deferred Compensation — Fiscal 2014," "Potential Payments upon Termination or Change in Control," "Fiscal 2014 Director Compensation," "Corporate Governance — Compensation and Organization Committee Interlocks and Insider Participation" and "Compensation and Organization Committee Report" in the 2014 Proxy is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The information presented in the sections entitled “Securities Authorized for Issuance Under Equity Compensation Plans,” “Security Ownership of Directors and Executive Officers” and “Security Ownership of Certain Beneficial Owners” in the 2014 Proxy is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information presented in the section entitled “Transactions with Related Persons,” “Corporate Governance — Director Independence” and “Corporate Governance — Board Committee Structure” in the 2014 Proxy is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information presented in the section entitled “Independent Registered Public Accounting Firm Fees and Services” in the 2014 Proxy is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

1. Financial Statements

Consolidated Statements of Earnings for 2014, 2013 and 2012
Consolidated Statements of Comprehensive Income for 2014, 2013 and 2012
Consolidated Balance Sheets as of August 3, 2014 and July 28, 2013
Consolidated Statements of Cash Flows for 2014, 2013 and 2012
Consolidated Statements of Equity for 2014, 2013 and 2012
Notes to Consolidated Financial Statements
Management's Report on Financial Statements
Management's Report on Internal Control Over Financial Reporting
Report of Independent Registered Public Accounting Firm

2. Financial Statement Schedule

II - Valuation and Qualifying Accounts for 2014, 2013 and 2012

3. Exhibits

- 3(i) Campbell's Restated Certificate of Incorporation as amended through February 24, 1997 was filed with the SEC with Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 28, 2002, and is incorporated herein by reference.
- 3(ii) Campbell's By-Laws, effective June 11, 2014, were filed with the SEC on a Form 8-K (SEC file number 1-3822) on June 16, 2014, and are incorporated herein by reference.
- 4(a) With respect to Campbell's 3.050% notes due 2017, 4.500% notes due 2019, and 4.250% notes due 2021, the form of Indenture between Campbell and The Bank of New York Mellon, as Trustee, and the associated form of security were filed with the SEC with Campbell's Registration Statement No. 333-155626, and are incorporated herein by reference.
- 4(b) With respect to Campbell's 2.500% notes due 2022, and 3.800% notes due 2042, the the form of Indenture between Campbell and The Bank of New York Mellon, as Trustee, was filed with the SEC with Campbell's Registration Statement No. 333-155626, and the form of First Supplemental Indenture among Campbell, The Bank of New York Mellon and Wells Fargo Bank, National Association, as Series Trustee, as well as the associated form of security, were filed with the SEC on a Form 8-K (SEC file number 1-3822) on August 2, 2012, and are incorporated herein by reference.
- 4(c) Except as described in 4(a) and 4(b) above, there is no instrument with respect to long-term debt of the company that involves indebtedness or securities authorized thereunder exceeding 10 percent of the total assets of the company and its subsidiaries on a consolidated basis. The company agrees to file a copy of any instrument or agreement defining the rights of holders of long-term debt of the company upon request of the SEC.

- 9(a) Major Stockholders' Voting Trust Agreement dated June 2, 1990, as amended, was filed with the SEC by (i) Campbell as Exhibit 99.C to Campbell's Schedule 13E-4 (SEC file number 5-7735) filed on September 12, 1996, and (ii) with respect to certain subsequent amendments, the Trustees of the Major Stockholders' Voting Trust as Exhibit 99.G to Amendment No. 7 to their Schedule 13D (SEC file number 5-7735) dated March 3, 2000, and as Exhibit 99.M to Amendment No. 8 to their Schedule 13D (SEC file number 5-7735) dated January 26, 2001, and as Exhibit 99.P to Amendment No. 9 to their Schedule 13D (SEC file number 5-7735) dated September 30, 2002, and is incorporated herein by reference.
- 9(b) Extension of Term of Major Stockholders' Voting Trust, dated June 1, 2008.
- 9(c) Extension of Term of Major Stockholders' Voting Trust, dated August 27, 2008.
- 9(d) Amendment to Major Stockholders' Voting Trust, dated September 15, 2009.
- 9(e) Extension of Term of Major Stockholders' Voting Trust, dated as of December 30, 2013.
- 10(a) Campbell Soup Company 1994 Long-Term Incentive Plan, as amended on November 17, 2000, was filed with the SEC with Campbell's 2000 Proxy Statement (SEC file number 1-3822), and is incorporated herein by reference.
- 10(b) Campbell Soup Company 2003 Long-Term Incentive Plan, as amended and restated on September 25, 2008, was filed with the SEC with Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended August 3, 2008, and is incorporated herein by reference.
- 10(c) Campbell Soup Company 2005 Long-Term Incentive Plan, as amended and restated on November 18, 2010, was filed with the SEC with Campbell's 2010 Proxy Statement (SEC file number 1-3822), and is incorporated herein by reference.
- 10(d) Campbell Soup Company Annual Incentive Plan, as amended on November 18, 2004, was filed with the SEC with Campbell's 2004 Proxy Statement (SEC file number 1-3822), and is incorporated herein by reference.
- 10(e) Campbell Soup Company Mid-Career Hire Pension Plan, as amended and restated effective as of January 1, 2009, was filed with the SEC with Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended February 1, 2009, and is incorporated herein by reference.
- 10(f) First Amendment to the Campbell Soup Company Mid-Career Hire Pension Plan, effective as of December 31, 2010, was filed with the SEC with Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 30, 2011, and is incorporated herein by reference.
- 10(g) Deferred Compensation Plan, effective November 18, 1999, was filed with the SEC with Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 30, 2000, and is incorporated herein by reference.
- 10(h) Campbell Soup Company Supplemental Retirement Plan (formerly known as Deferred Compensation Plan II), as amended and restated effective as of January 1, 2011, was filed with the SEC with Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2011, and is incorporated herein by reference.
- 10(i) Severance Protection Agreement dated January 8, 2001, with Douglas R. Conant, Campbell's President and Chief Executive Officer through fiscal 2011, was filed with the SEC with Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 28, 2001, and is incorporated herein by reference. Agreements with the existing executive officers listed under the heading "Executive Officers of the Company" (other than Carlos Barroso, Luca Mignini and Michael P. Senackerib) are in all material respects the same as Mr. Conant's agreement.
- 10(j) Amendment to the Severance Protection Agreement dated February 26, 2008, with Douglas R. Conant, Campbell's President and Chief Executive Officer through fiscal 2011, was filed with the SEC with Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended November 2, 2008, and is incorporated herein by reference. Amendments with the existing executive officers listed under the heading "Executive Officers of the Company" (other than Carlos Barroso, Luca Mignini and Michael P. Senackerib) are in all material respects the same as Mr. Conant's agreement.
- 10(k) Form of U.S. Severance Protection Agreement, which is applicable to executives hired after March 1, 2008 and before August 1, 2011, was filed with the SEC with Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended November 2, 2008, and is incorporated herein by reference.
- 10(l) Form of Non-U.S. Severance Protection Agreement, which is applicable to executives hired after March 1, 2008 and before August 1, 2011, was filed with the SEC with Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended November 2, 2008, and is incorporated herein by reference.

- 10(m) Form of U.S. Severance Protection Agreement, which is applicable to executives hired on or after August 1, 2011 (such as Carlos Barroso and Michael P. Senackerib), was filed with the SEC with Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2011, and is incorporated herein by reference.
- 10(n) Form of Non-U.S. Severance Protection Agreement, which is applicable to executives hired on or after August 1, 2011 (such as Luca Mignini), was filed with the SEC with Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended July 31, 2011, and is incorporated herein by reference.
- 10(o) Campbell Soup Company Severance Pay Plan for Salaried Employees, as amended and restated effective January 1, 2011, was filed with the SEC with Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended May 1, 2011, and is incorporated herein by reference.
- 10(p) Campbell Soup Company Supplemental Employees' Retirement Plan, as amended and restated effective January 1, 2009, was filed with the SEC with Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended February 1, 2009, and is incorporated herein by reference.
- 10(q) First Amendment to the Campbell Soup Company Supplemental Employees' Retirement Plan, effective as of December 31, 2010, was filed with the SEC with Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 30, 2011, and is incorporated herein by reference.
- 21 Subsidiaries (Direct and Indirect) of the company.
- 23 Consent of Independent Registered Public Accounting Firm.
- 24 Power of Attorney.
- 31(a) Certification of Denise M. Morrison pursuant to Rule 13a-14(a).
- 31(b) Certification of Anthony P. DiSilvestro pursuant to Rule 13a-14(a).
- 32(a) Certification of Denise M. Morrison pursuant to 18 U.S.C. Section 1350.
- 32(b) Certification of Anthony P. DiSilvestro pursuant to 18 U.S.C. Section 1350.
- 101.INS XBRL Instance Document
- 101.SCH XBRL Schema Document
- 101.CAL XBRL Calculation Linkbase Document
- 101.DEF XBRL Definition Linkbase Document
- 101.LAB XBRL Label Linkbase Document
- 101.PRE XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Campbell has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 24, 2014

CAMPBELL SOUP COMPANY

By: /s/ Anthony P. DiSilvestro
Anthony P. DiSilvestro
Senior Vice President — Chief Financial
Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Campbell and in the capacity and on the date indicated.

Date: September 24, 2014

/s/ Anthony P. DiSilvestro
Anthony P. DiSilvestro
Senior Vice President — Chief Financial
Officer

/s/ William J. O'Shea
William J. O'Shea
Vice President — Controller

| | | |
|------------------------|--|---|
| Paul R. Charron | Chairman and Director | } |
| Denise M. Morrison | President, Chief Executive Officer and Director | } |
| Edmund M. Carpenter | Director | } |
| Bennett Dorrance | Director | } |
| Lawrence C. Karlson | Director | } |
| Randall W. Larrimore | Director | } |
| Marc B. Lautenbach | Director | } |
| Mary Alice D. Malone | Director | } |
| Sara Mathew | Director | } |
| Charles R. Perrin | Director | } |
| A. Barry Rand | Director | } |
| Nick Shreiber | Director | } |
| Tracey T. Travis | Director | } |
| Archbold D. van Beuren | Director | } |
| Les C. Vinney | Director | } |
| Charlotte C. Weber | Director | } |

By: /s/ Ellen Oran Kaden
Ellen Oran Kaden
Senior Vice President — Chief Legal
and Public Affairs Officer

CAMPBELL SOUP COMPANY
Valuation and Qualifying Accounts

For the Fiscal Years ended August 3, 2014, July 28, 2013 and July 29, 2012
(Millions)

| | Balance at Beginning of Period | Charged to/ (Reduction in) Costs and Expenses | Deductions | Acquisitions | Balance at End of Period |
|---|--------------------------------------|---|-----------------|--------------|--------------------------------|
| Fiscal year ended August 3, 2014 | | | | | |
| Cash discount. | \$ 5 | \$ 114 | \$ (115) | \$ — | \$ 4 |
| Bad debt reserve | 2 | — | (1) | 2 | 3 |
| Returns reserve ⁽¹⁾ | 4 | 1 | — | — | 5 |
| Total Accounts receivable allowances. | <u>\$ 11</u> | <u>\$ 115</u> | <u>\$ (116)</u> | <u>\$ 2</u> | <u>\$ 12</u> |
| Fiscal year ended July 28, 2013 | | | | | |
| Cash discount. | \$ 4 | \$ 114 | \$ (113) | \$ — | \$ 5 |
| Bad debt reserve | 2 | 1 | (1) | — | 2 |
| Returns reserve ⁽¹⁾ | 4 | 1 | (1) | — | 4 |
| Total Accounts receivable allowances. | <u>\$ 10</u> | <u>\$ 116</u> | <u>\$ (115)</u> | <u>\$ —</u> | <u>\$ 11</u> |
| Fiscal year ended July 29, 2012 | | | | | |
| Cash discount. | \$ 5 | \$ 112 | \$ (113) | \$ — | \$ 4 |
| Bad debt reserve | 2 | 1 | (1) | — | 2 |
| Returns reserve ⁽¹⁾ | 4 | — | — | — | 4 |
| Total Accounts receivable allowances. | <u>\$ 11</u> | <u>\$ 113</u> | <u>\$ (114)</u> | <u>\$ —</u> | <u>\$ 10</u> |

⁽¹⁾ The returns reserve is evaluated quarterly and adjusted accordingly. During each period, returns are charged to net sales in the Consolidated Statements of Earnings as incurred. Actual returns were approximately \$118 in 2014, \$124 in 2013 and \$122 in 2012, or less than 2% of net sales.

**CERTIFICATION PURSUANT
TO RULE 13a-14(a)**

I, Denise M. Morrison, certify that:

1. I have reviewed this Annual Report on Form 10-K of Campbell Soup Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 24, 2014

By: /s/ Denise M. Morrison

Name: Denise M. Morrison

Title: President and Chief Executive Officer

**CERTIFICATION PURSUANT
TO RULE 13a-14(a)**

I, Anthony P. DiSilvestro, certify that:

1. I have reviewed this Annual Report on Form 10-K of Campbell Soup Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 24, 2014

By: /s/ Anthony P. DiSilvestro

Name: Anthony P. DiSilvestro

Title: Senior Vice President — Chief Financial
Officer

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

In connection with the Annual Report of Campbell Soup Company (the “Company”) on Form 10-K for the fiscal year ended August 3, 2014 (the “Report”), I, Denise M. Morrison, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: September 24, 2014

By: /s/ Denise M. Morrison

Name: Denise M. Morrison

Title: President and Chief Executive Officer

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

In connection with the Annual Report of Campbell Soup Company (the “Company”) on Form 10-K for the fiscal year ended August 3, 2014 (the “Report”), I, Anthony P. DiSilvestro, Senior Vice President — Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: September 24, 2014

By: /s/ Anthony P. DiSilvestro

Name: Anthony P. DiSilvestro

Title: Senior Vice President — Chief Financial
Officer