CAMPBELL SOUP CO
Form 10-K
September 22, 2016

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	Commission File Number
July 31, 2016	1-3822

CAMPBELL SOUP COMPANY

New Jersey	21-0419870
State of Incorporation	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 (Do not check if a smaller reporting company)	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 29, 2016 (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 $10,943,238,771.
There were 307,875,045 shares of capital stock outstanding as of September 14, 2016.
Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on November 16, 2016, are incorporated by reference into Part III.

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PART I

This Form 10-K contains "forward-looking" statements that reflect current expectations regarding future results of operations, economic performance, financial condition and achievements. Statements that are not current or historical facts, including statements about beliefs and expectations, and containing words such as "anticipate," "believe," "estimate," "expect," "will," or similar words are forward-looking statements. These statements reflect current plans and expectations and are based on information currently available. 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. Risks and uncertainties include, but are not limited to, those discussed in "Risk Factors" and in the "Cautionary Factors That May Affect Future Results" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K. Our consolidated financial statements and the accompanying notes to the consolidated financial statements are presented in "Financial Statements and Supplementary Data."

Item 1. Business

The Company

Unless otherwise stated, the terms "we," "us," "our" and the "company" refer to Campbell Soup Company and its consolidated subsidiaries.

We are a manufacturer and marketer of high-quality, branded food and beverage products. We organized as a business corporation under the laws of New Jersey on November 23, 1922; however, through predecessor organizations, we trace our heritage in the food business back to 1869. Our principal executive offices are in Camden, New Jersey 08103-1799.

Background

Our long-term goal is to build shareholder value by driving sustainable, profitable net sales growth. Guided by our purpose - Real food that matters for life's moments, we are pursuing a dual strategy of strengthening our core businesses while expanding into faster-growing spaces. We have made a number of enterprise design and portfolio changes over the past several years in support of this strategy, including the following:

- In 2016, we implemented a new enterprise design focused mainly on product categories. Under the new structure, our divisions are organized in the following segments: Americas Simple Meals and Beverages; Global Biscuits and Snacks; and Campbell Fresh;
- In support of the new structure, we designed and implemented a new Integrated Global Services (IGS) organization to deliver shared services and cost savings across the company. IGS became effective at the beginning of 2016. We are also pursuing other initiatives to reduce costs and increase effectiveness, such as adopting zero-based budgeting over time. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information on these initiatives; and
- In 2013, we acquired Bolthouse Farms and Plum. In 2014, we acquired Kelsen and divested our European simple meals business. In 2015, we completed the acquisition of the assets of Garden Fresh Gourmet. See Note 3 to the Consolidated Financial Statements for additional information on our recent acquisitions, and Note 4 to the Consolidated Financial Statements for additional information on our divestiture of the European simple meals business.

For additional information on our dual strategy of strengthening our core businesses while expanding into faster-growing spaces, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Reportable Segments

We manage our businesses in three segments focused mainly on product categories. The segments are:

- The Americas Simple Meals and Beverages segment includes the retail and food service businesses in the U.S., Canada and Latin America. The 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; Plum food and snacks; V8 juices and beverages; and Campbell's tomato juice;

- The Global Biscuits and Snacks segment includes Pepperidge Farm cookies, crackers, bakery and frozen products in U.S. retail, Arnott's biscuits in Australia and Asia Pacific, and Kelsen cookies globally. The segment also includes the simple meals and shelf-stable beverages business in Australia and Asia Pacific; and
- The Campbell Fresh segment includes Bolthouse Farms fresh carrots, carrot ingredients, refrigerated beverages and refrigerated salad dressings, Garden Fresh Gourmet salsa, hummus, dips and tortilla chips, and the U.S. refrigerated soup business.

See also Note 7 to the Consolidated Financial Statements for additional information regarding our reportable segments.

Ingredients and Packaging

The ingredients and packaging materials required for the manufacture of our 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, disease and/or pests, product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, government-sponsored agricultural programs, import and export requirements, drought, water scarcity, temperature extremes, scarcity of suitable agricultural land, scarcity of organic ingredients and other factors that may be beyond our control (including natural disasters) during the growing and harvesting seasons. To help reduce some of this price volatility, we use a combination of purchase orders, short- and long-term contracts, inventory management practices and various commodity risk management tools for most of our 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 during certain seasons, we make commitments for the purchase of such ingredients in their respective seasons. At this time, we do not anticipate any material restrictions on the availability of ingredients or packaging that would have a significant impact on our businesses. For information on the impact of inflation, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Customers

In most of our markets, sales and merchandising activities are conducted through our own sales force and/or third-party brokers and distribution partners. In the U.S., Canada and Latin America, our products are generally resold to consumers through retail food chains, mass discounters, mass merchandisers, club stores, convenience stores, drug stores, dollar stores and other retail, commercial and non-commercial establishments. Pepperidge Farm also has a direct-store-delivery distribution model that uses independent contractor distributors. In the Asia Pacific region, our products are generally resold to consumers through retail food chains, convenience stores and other retail, commercial and non-commercial establishments. We make shipments promptly after acceptance of orders.

Our five largest customers accounted for approximately 40% of our consolidated net sales in 2016, 38% in 2015 and 35% in 2014. Our largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 20% of our consolidated net sales in 2016 and 2015, and 19% in 2014. All of our reportable segments sold products to Wal-Mart Stores, Inc. or its affiliates. No other customer accounted for 10% or more of our consolidated net sales.

Trademarks and Technology

As of September 14, 2016, we owned over 3,650 trademark registrations and applications in over 160 countries. We believe our trademarks are of material importance to our 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. We believe that our principal brands, including Arnott's, Bolthouse Farms, Campbell's, Garden Fresh Gourmet, Goldfish, Kjeldsens, Pace, Pepperidge Farm, Plum, Prego, Swanson, and V8, are protected by trademark law in the major markets where they are used.

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

Competition

We experience worldwide competition in all of our 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 our cash flows from operations and working capital items, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Capital Expenditures

During 2016, our aggregate capital expenditures were $341 million. We expect to spend approximately $350 million for capital projects in 2017. Major capital projects based on planned spend in 2017 include an ongoing Australian multi-pack biscuit capacity expansion project and Pepperidge Farm refrigeration system replacement projects.

Research and Development

During the last three fiscal years, our expenditures on research and development activities relating to new products and the improvement and maintenance of existing products were $124 million in 2016, $117 million in 2015, and $122 million in 2014.

The increase from 2015 to 2016 was primarily due to increased losses on pension and postretirement benefit mark-to-market adjustments and increased costs to support long-term innovation, partially offset by benefits from cost savings initiatives. The decrease from 2014 to 2015 was primarily due to benefits from cost savings initiatives, partially offset by increased losses on pension and postretirement benefit mark-to-market adjustments.

Regulation

The manufacture and sale of consumer food products is highly regulated. In the U.S., our activities are subject to regulation by various federal government agencies, including the Food and Drug Administration, U.S. Department of Agriculture, Federal Trade Commission, Department of Labor, Department of Commerce and Environmental Protection Agency, as well as various state and local agencies. Our business is also regulated by similar agencies outside of the U.S.

Environmental Matters

We have requirements for the operation and design of our facilities that meet or exceed applicable environmental rules and regulations. Of our $341 million in capital expenditures made during 2016, approximately $7 million was for compliance with environmental laws and regulations in the U.S. We further estimate that approximately $18 million of the capital expenditures anticipated during 2017 will be for compliance with U.S. environmental laws and regulations. We believe 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 our competitive position. In addition, we continue to monitor existing and pending environmental laws and regulations within the U.S. and elsewhere relating to climate change and greenhouse gas emissions. While the impact of these laws and regulations cannot be predicted with certainty, we do not believe that compliance with these laws and regulations will have a material effect on capital expenditures, earnings or our competitive position.

Seasonality

Demand for soup products is seasonal, with the fall and winter months usually accounting for the highest sales volume. Sales of Kelsen products are also highest in the fall and winter months due primarily to holiday gift giving, including the Chinese New Year. Demand for our other products is generally evenly distributed throughout the year.

Employees

On July 31, 2016, we had approximately 16,500 employees.

Financial Information

Financial information for our reportable segments and geographic areas is found in Note 7 to the Consolidated Financial Statements. For risks attendant to our foreign operations, see “Risk Factors.”

Websites

Our primary corporate website can be found at www.campbellsoupcompany.com. We make available free of charge at this website (under the “Investor Center — Financial Information — SEC Filings” caption) all of our reports (including amendments) filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, including our annual report on Form 10-K, our quarterly reports on Form 10-Q and our 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.

All websites appearing in this Annual Report on Form 10-K are inactive textual references only, and the information in, or accessible through, such websites is not incorporated into this Annual Report on Form 10-K, or into any of our other filings with 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 our business, financial condition and results of operations. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and financial condition.

Operational Risk Factors

We operate in a highly competitive industry

We operate in the highly competitive food and beverage industry and experience global competition in all of our principal products. The principal areas of competition are brand recognition, taste, quality, price, advertising, promotion, convenience and service. A number of our primary competitors are larger than us and have substantial financial, marketing and other resources. In addition, reduced barriers to entry and easier access to funding may create new competition. A strong competitive response from one or more of these competitors to our marketplace efforts, or a consumer shift towards private label offerings, could result in us reducing pricing, increasing marketing or other expenditures, and/or losing market share.

Our results are dependent on strengthening our core businesses while diversifying into faster-growing spaces

Our strategy is focused on strengthening our core businesses while diversifying our portfolio into faster-growing spaces. Our core businesses are concentrated in slower-growing center-store categories in traditional retail grocery channels. Factors that may impact our success include:

- our ability to identify and capture market share in faster-growing spaces;
- our ability to identify and capitalize on customer or consumer trends, including those related to fresh or organic products;
- our ability to design and implement effective retail execution plans;
- our ability to design and implement effective advertising and marketing programs, including digital programs;
- our ability to secure or maintain sufficient shelf space at retailers; and
- changes in underlying growth rates of the categories in which we compete.

If we are not successful in addressing these factors, our strategy may not be successful and/or our business or financial results may be adversely impacted.

We may be adversely impacted by a changing customer landscape and the increased significance of some of our customers

Our businesses are largely concentrated in the traditional retail grocery trade. Alternative retail 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 we are not successful in expanding sales in alternative retail channels, our 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, increased promotional programs funded by their suppliers or more favorable terms. These customers may use more of their shelf space for their private label products. If we are unable to use our scale, marketing expertise, product innovation and category leadership positions to respond to these customer dynamics, our business or financial results could be adversely impacted.

In 2016, our five largest customers accounted for approximately 40% of our consolidated net sales, with the largest customer, Wal-Mart Stores, Inc. and its affiliates, accounting for approximately 20% of our consolidated net sales. There can be no assurance that our largest customers will continue to purchase our products in the same mix or quantities or on the same terms as in the past. Disruption of sales to any of these customers, or to any of our other large customers, for an extended period of time could adversely affect our business or financial results.

We may not realize the anticipated benefits from our cost reduction, organizational design or other initiatives

In the beginning of 2016, we implemented a new enterprise design focused mainly on product categories. We are also pursuing related initiatives to reduce costs and increase effectiveness, such as adopting zero-based budgeting over time. These initiatives will require a substantial amount of management and operational resources. Our management team must successfully execute the administrative and operational changes necessary to achieve the anticipated benefits of the initiatives. These and related demands on our resources may divert the organization's attention from other business issues, have adverse effects on existing business relationships with suppliers and customers and impact employee morale. From time-to-time, we may also implement other supply chain, information technology or related initiatives. Our success is partly dependent upon properly executing, and realizing cost savings or other benefits from, these initiatives, which are often complex. Any failure to implement our initiatives could adversely affect our business or financial results.

Our results may be adversely affected by the failure to execute acquisitions and divestitures successfully

We expect to seek acquisitions and investment opportunities. Our ability to meet our objectives with respect to the acquisition of new businesses or the divestiture of existing businesses may depend in part on our 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 our 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; and
•the risks inherent in entering markets or lines of business with which we have limited or no prior experience.

Acquisitions outside the U.S. may present unique challenges and increase our 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 us effectively and efficiently and to reduce or eliminate associated overhead costs.

Disruption to our supply chain could adversely affect our business

Our ability to manufacture and/or sell our products may be impaired by damage or disruption to our manufacturing or distribution capabilities, or to the capabilities of our suppliers or contract manufacturers, due to factors that are hard to predict or beyond our control, such as product or raw material scarcity, adverse weather conditions, natural disasters, fire, terrorism, pandemics, strikes or other events. Production of the agricultural commodities used in our business may also be adversely affected by drought, water scarcity, temperature extremes, scarcity of suitable agricultural land, scarcity of organic ingredients, crop size, cattle cycles, 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 our business or financial results, particularly in circumstances when 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 our ability to manufacture and/or sell our products, as well as our business or financial results.

Our non-U.S. operations pose additional risks to our business

In 2016, approximately 19% of our consolidated net sales were generated outside of the U.S. Our strategy depends in part on expanding our operations in developing markets. Sales outside the U.S. are expected to continue to represent a significant portion of consolidated net sales. Our 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, public corruption, 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 adverse tax consequences.

In addition, we hold assets and incur liabilities, generate revenue, and pay expenses in a variety of currencies other than the U.S. dollar, primarily the Australian dollar and the Canadian dollar. Our consolidated financial statements are presented in U.S. dollars, and we must translate our 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 adversely affect the value of these items in our consolidated financial statements, even if their value has not changed in their local currency.

Our results may be adversely impacted by increases in the price of raw and packaging materials

The raw and packaging materials used in our 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 crop size, cattle cycles, disease and/or pests, product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, government-sponsored agricultural programs, import and export requirements, drought, water scarcity, temperature extremes, scarcity of suitable agricultural land, scarcity of organic ingredients and other factors that may be beyond our control (including natural disasters). To the extent any of these factors result in an increase in raw and packaging material prices, we may not be able to offset such increases through productivity or price increases or through our commodity hedging activity.

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

We intend 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 our 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, our business results and financial condition may be adversely affected.

If our food products become adulterated or are mislabeled, we might need to recall those items, and we may experience product liability claims and damage to our reputation

We may need to recall some of our products if they become adulterated or if they are mislabeled, and we may also be liable if the consumption of any of our 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. We 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 our reputation, and a loss of consumer confidence in the safety and/or quality of our products, ingredients or packaging. In addition, if another company recalls or experiences negative publicity related to a product in a category in which we compete, consumers might reduce their overall consumption of products in this category.

Our results may be adversely impacted if consumers do not maintain their favorable perception of our brands

We have a number of iconic brands with significant value. Maintaining and continually enhancing the value of these brands is critical to the success of our business. Brand value is based in large part on consumer perceptions. Success in promoting and enhancing brand value depends in large part on our ability to provide high-quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about our products, packaging and/or ingredients (whether or not valid), our failure to maintain the quality of our products, the failure of our 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 us, our brands, products or packaging on social or digital media could seriously damage our brands and reputation. If we do not maintain the favorable perception of our brands, our results could be adversely impacted.

We may be adversely impacted by inadequacies in, or security breaches of, our information technology systems

Our information technology systems are critically important to our operations. We rely on our information technology systems (some of which are outsourced to third parties) to manage the data, communications and business processes for all of our functions, including our marketing, sales, manufacturing, logistics, customer service, accounting and administrative functions. If we do not allocate and effectively manage the resources necessary to build, sustain and protect an appropriate technology infrastructure, our business or financial results could be adversely impacted. Furthermore, our 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 we are unable to prevent or adequately respond to and resolve these events, our operations may be impacted, and we may suffer other adverse consequences such as reputational damage, litigation, remediation costs and/or penalties under various data privacy laws and regulations. Although unauthorized users have attempted and continue to attempt to infiltrate our information technology systems, we have not detected a material security breach and all immaterial security breaches we have detected have been successfully remediated.

An impairment of the carrying value of goodwill or other indefinite-lived intangible assets could adversely affect our financial results and net worth

As of July 31, 2016, we had goodwill of $2.263 billion and other indefinite-lived intangible assets of $927 million. Goodwill and indefinite-lived intangible assets are initially recorded at fair value and not amortized, but are tested for impairment at least annually or more frequently if impairment indicators arise. We test goodwill at the reporting unit level by comparing the carrying value of the net assets of the reporting unit, including goodwill, to the unit's fair value. Similarly, we test indefinite-lived intangible assets by comparing the fair value of the assets to their carrying values. Fair value for both goodwill and other indefinite-lived intangible assets is determined based on a discounted cash flow analysis. If the carrying values of goodwill or indefinite-lived intangible assets exceed their fair value, the goodwill or indefinite-lived intangible assets are considered impaired and reduced to fair value. Factors that could result in an impairment include a change in revenue growth rates, operating margins, weighted average cost of capital, future economic and market conditions or assumed royalty rates.

In the fourth quarter of 2016, as part of our annual review of goodwill and indefinite-lived intangible assets, we recognized a non-cash impairment charge of $141 million ($127 million after tax or $.41 per share) on the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit, which is part of the Campbell Fresh segment. See Note 6 to the Consolidated Financial Statements for additional information.

We may be required in the future to record additional impairment of the carrying value of goodwill or other indefinite-lived intangible assets, which could adversely affect our financial results and net worth.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brands

We consider our intellectual property rights, particularly our trademarks, to be a significant and valuable aspect of our business. We protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret protection, contractual agreements and policing of third-party misuses of our intellectual property. Our failure to obtain or adequately protect

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our intellectual property or any change in law that lessens or removes the current legal protections of our intellectual property may diminish our competitiveness and adversely affect our business and financial results.
Competing intellectual property claims that impact our brands or products may arise unexpectedly. Any litigation or disputes regarding intellectual property may be costly and time-consuming and may divert the attention of our management and key personnel from our business operations. We also may be subject to significant damages or injunctions against development, launch and sale of certain products. Any of these occurrences may harm our business and financial results.

We may be adversely impacted by increased liabilities and costs related to our defined benefit pension plans

We sponsor 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 our 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 our obligations or future funding requirements could have a material adverse effect on our financial results.

We may not be able to attract and retain the highly skilled people we need to support our business

We depend on the skills and continued service of key personnel, including our experienced management team. In addition, our ability to achieve our strategic and operating goals depends on our ability to identify, hire, train and retain qualified individuals. We compete with other companies both within and outside of our industry for talented personnel, and we may lose key personnel or fail to attract, train and retain other talented personnel. Any such loss or failure may adversely affect our business or financial results. In addition, activities related to identifying, recruiting, hiring and integrating qualified individuals may require significant time and expense. We may not be able to locate suitable replacements for any key employees who leave, or offer employment to potential replacements on reasonable terms, each of which may adversely affect our business and financial results.

Market Conditions and Other General Risk Factors

We face risks related to recession, financial and credit market disruptions and other economic conditions

Customer and consumer demand for our 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 our ability to manage normal commercial relationships with our 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 us.

Adverse changes in the global climate or extreme weather conditions could adversely affect our business or operations

Our 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 an adverse impact on agricultural productivity or on the supply of water;
- disrupt our ability, or the ability of our suppliers or contract manufacturers, to manufacture or distribute our products;
- disrupt the retail operations of our customers; or
- unfavorably impact the demand for, or the consumer's ability to purchase, our 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 our business or financial results.

Legal and Regulatory Risk Factors

We may be adversely impacted by legal and regulatory proceedings or claims

We are party to a variety of legal and regulatory proceedings and claims arising out of the normal course of business. Since these actions are inherently uncertain, there is no guarantee that we will be successful in defending ourselves against such proceedings or claims, or that our assessment of the materiality or immateriality of these matters, including any reserves taken in connection with such matters, will be consistent with the ultimate outcome of such proceedings or claims. The marketing of food products has come under increased regulatory scrutiny in recent years, and the food industry has been subject to an increasing number of proceedings and claims relating to alleged false or deceptive marketing under federal, state and foreign laws or regulations. In addition, the independent contractor distribution model, which is used by Pepperidge Farm, has come under increased legal and regulatory scrutiny in recent years. We have a few putative state law class action lawsuits challenging the independent contractor classification of a small percentage of the total Pepperidge Farm distribution network. We are contesting class certification and the merits in each lawsuit and plan to defend against these claims vigorously. In the event we are unable to successfully defend ourselves against these proceedings or claims, or if our assessment of the materiality of these proceedings or claims proves inaccurate, our business or financial results may be adversely affected. In addition, our reputation could be damaged by allegations made in proceedings or claims (even if untrue).

Increased regulation or changes in law could adversely affect our business or financial results

The manufacture and marketing of food products is extensively regulated. Various laws and regulations govern the processing, packaging, storage, distribution, marketing, advertising, labeling, quality and safety of our food products, as well as the health and safety of our employees and the protection of the environment. In the U.S., we are 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. We are also regulated by similar agencies outside the U.S. Changes in legal or regulatory requirements (such as new food safety requirements and revised nutrition facts labeling and serving size regulations), or evolving interpretations of existing legal or regulatory requirements, may result in increased compliance cost, capital expenditures and other financial obligations that could adversely affect our business or financial results.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

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

Principal Manufacturing Facilities

Inside the U.S.

California	Michigan	Texas
Bakersfield (CF)	Ferndale (CF)	Paris (ASMB)
Dixon (ASMB)	Grand Rapids (CF)	Utah
Stockton (ASMB)	New Jersey	Richmond (GBS)
Connecticut	East Brunswick (GBS)	Washington
Bloomfield (GBS)	North Carolina	Everett (CF)
Florida	Maxton (ASMB)	Prosser (CF)
Lakeland (GBS)	Ohio	Wisconsin
Illinois	Napoleon (ASMB)	Milwaukee (ASMB)
Downers Grove (GBS)	Willard (GBS)	
	Pennsylvania	
	Denver (GBS)	
	Downingtown (GBS)	

Outside the U.S.

Australia	Canada	Indonesia
Huntingwood (GBS)	Toronto (ASMB)	Jawa Barat (GBS)
Marleston (GBS)	Denmark	Malaysia
Shepparton (GBS)	Nørre Snede (GBS)	Selangor Darul Ehsan (GBS)
Virginia (GBS)	Ribe (GBS)	

ASMB - Americas Simple Meals and Beverages
GBS - Global Biscuits and Snacks
CF - Campbell Fresh

Each of the foregoing manufacturing facilities is company-owned, except the Selangor Darul Ehsan, Malaysia, and the East Brunswick, New Jersey, facilities, which are leased. We also maintain business unit offices in Norwalk, Connecticut; Santa Monica, California; Emeryville, California; Toronto, Canada; Nørre Snede, Denmark; and North Strathfield, Australia.

We believe that our manufacturing and processing plants are well maintained and, together with facilities operated by our contract manufacturers, 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 is a list of our executive officers as of September 14, 2016:

Name	Present Title & Business Experience	Age	Year First Appointed Executive Officer
Mark R. Alexander	Senior Vice President. We have employed Mr. Alexander in an executive or managerial capacity for at least five years.	52	2009
Carlos J. Barroso	Senior Vice President. President and Founder of CJB and Associates, LLC, an R&D consulting firm (2009 - 2013).	57	2013
Edward L. Carolan	Senior Vice President. We have employed Mr. Carolan in an executive or managerial capacity for at least five years.	47	2015
Adam G. Ciongoli	Senior Vice President and General Counsel. Executive Vice President and General Counsel of Lincoln Financial Group (2012 - 2015) and Group General Counsel and Secretary of Willis Group Holdings, PLC (2007 - 2012).	48	2015
Anthony P. DiSilvestro	Senior Vice President and Chief Financial Officer. We have employed Mr. DiSilvestro in an executive or managerial capacity for at least five years.	57	2004
Jeffrey T. Dunn	Senior Vice President. President of Bolthouse Farms (2008 - 2015).	59	2015
Luca Mignini	Senior Vice President. Chief Executive Officer of the Findus Italy division of IGLO Group (2010 - 2012).	54	2013
Denise M. Morrison	President and Chief Executive Officer. We have employed Ms. Morrison in an executive or managerial capacity for at least five years.	62	2003
Robert W. Morrissey	Senior Vice President and Chief Human Resources Officer. We have employed Mr. Morrissey in an executive or managerial capacity for at least five years.	58	2012

Prior to Mr. Dunn's tenure with Bolthouse Farms, he was Chief Executive Officer of Ubiquity Brands, LLC. Ubiquity Brands was the parent company of Jay Foods, Inc., a maker of salty snack foods, that voluntarily filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code in October 2007.

All of the executive officers were appointed at the November 2015 meeting of the Board of Directors.

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

Our capital stock is listed and principally traded on the New York Stock Exchange. On September 14, 2016, there were 20,123 holders of record of our capital stock. Market price and dividend information with respect to our 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 information contained in this Return to Shareholders Performance Graph section shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), except to the extent we specifically incorporate it by reference into a document filed under the

Securities Exchange Act of 1933, as amended, or the Exchange Act.

The following graph compares the cumulative total shareholder return (TSR) on our 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 29, 2011, in each of our 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 July 29, 2016.

* Stock appreciation plus dividend reinvestment.

	2011	2012	2013	2014	2015	2016
Campbell	100	104	152	140	169	218
S&P 500	100	110	137	159	177	187
S&P Packaged Foods Group	100	109	148	157	196	230

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased		Average Price Paid Per Share (1)		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs ($ in Millions) (2)
5/2/16 - 5/31/16	—		—		—	$475
6/1/16 - 6/30/16	275,081	(3)	$62.13	(3)	273,511	$458
7/1/16 - 7/29/16	119,122		$67.14		119,122	$450
Total	394,203	(3)	$63.64	(3)	392,633	$450

(1) Average price paid per share is calculated on a settlement basis and excludes commission.

(2) During the fourth quarter of 2016, we had a publicly announced strategic share repurchase program. Under this program, which was announced on June 23, 2011, our Board of Directors authorized the purchase of up to $1 billion of our stock. The program has no expiration date. Pursuant to our longstanding practice, under a separate 2016 authorization, we expect to continue purchasing shares sufficient to offset shares issued under our incentive compensation plans.

(3) Includes 1,570 shares repurchased in open-market transactions at an average price of $61.56 to offset the dilutive impact to existing shareholders of issuances under stock compensation plans.

Item 6. Selected Financial Data

Fiscal Year	2016[1]	2015[2]	2014[3]	2013[4]	2012[5]
(Millions, except per share amounts)					
Summary of Operations					
Net sales	$7,961	$8,082	$8,268	$8,052	$7,175
Earnings before interest and taxes	960	1,054	1,267	1,474	826
Earnings before taxes	849	949	1,148	1,349	720
Earnings from continuing operations	563	666	774	934	512
Earnings (loss) from discontinued operations	—	—	81	(231)	40
Net earnings	563	666	855	703	552
Net earnings attributable to Campbell Soup Company	563	666	866	712	562
Financial Position					
Plant assets - net	$2,407	$2,347	$2,318	$2,260	$2,127
Total assets	7,837	8,077	8,100	8,290	6,532
Total debt	3,533	4,082	4,003	4,438	2,781
Total equity	1,533	1,377	1,602	1,192	909
Per Share Data					
Earnings from continuing operations attributable to Campbell Soup Company - basic	$1.82	$2.13	$2.50	$3.00	$1.63
Earnings from continuing operations attributable to Campbell Soup Company - assuming dilution	1.81	2.13	2.48	2.97	1.62
Net earnings attributable to Campbell Soup Company - basic	1.82	2.13	2.76	2.27	1.76
Net earnings attributable to Campbell Soup Company - assuming dilution	1.81	2.13	2.74	2.25	1.75
Dividends declared	1.248	1.248	1.248	1.16	1.16
Other Statistics					
Capital expenditures	$341	$380	$347	$336	$323
Weighted average shares outstanding - basic	309	312	314	314	317
Weighted average shares outstanding - assuming dilution	311	313	316	317	319

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

In April 2015, the Financial Accounting Standards Board (FASB) issued guidance that requires debt issuance costs to be presented in the balance sheet as a reduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. We adopted the guidance in 2016 and retrospectively adjusted all prior periods.

In November 2015, the FASB issued guidance that requires deferred tax liabilities and assets to be classified as noncurrent in the balance sheet. We adopted the guidance in 2016 on a prospective basis and modified the presentation of deferred taxes in the Consolidated Balance Sheet as of July 31, 2016.

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

(1) The 2016 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and administrative expenses of $49 million ($.16 per share) associated with restructuring and cost savings initiatives; losses of $200 million ($.64 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; a gain of $25 million ($.08 per share) associated with a settlement of a claim related to the Kelsen acquisition; and an impairment charge of $127 million ($.41 per share) related to the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit.

(2) The 2015 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and administrative expenses of $78 million ($.25 per share) associated with restructuring and cost savings initiatives and losses of $87 million ($.28 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans.

(3) 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; losses of $19 million ($.06 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; 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; $7 million ($.02 per share) tax expense associated with the sale of the European simple meals business; and the estimated impact of the additional week of $25 million ($.08 per share). Earnings from discontinued operations included a gain of $72 million ($.23 per share) on the sale of the European simple meals business.

(4) The 2013 earnings from continuing operations attributable to Campbell Soup Company were impacted by the following: a restructuring charge and related costs of $87 million ($.27 per share) associated with restructuring initiatives; gains of $183 million ($.58 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; 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.

(5) 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); losses of $252 million ($.78 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; 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).

Selected Financial Data 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

This Management’s Discussion and Analysis of Financial Condition and Results of Operations is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes to the consolidated financial statements presented in "Financial Statements and Supplementary Data," as well as the information contained in "Risk Factors."

Unless otherwise stated, the terms "we," "us," "our" and the "company" refer to Campbell Soup Company and its consolidated subsidiaries.

As of the beginning of 2016, we manage our businesses in three divisions focused mainly on product categories. The new divisions, which represent our operating and reportable segments, are as follows: Americas Simple Meals and Beverages; Global Biscuits and Snacks; and Campbell Fresh. See "Business - Reportable Segments" for a description of the products included in each segment. In 2016, we modified our method of allocating pension and postretirement benefit costs to segments. Through 2015, we included all components of benefit expense in measuring segment performance. In 2016, only service cost is allocated to segments. All other components of expense, including interest cost, expected return on assets, and recognized actuarial gains and losses, are reflected in Corporate and not included in segment operating results.

In 2016, we elected to change our method of accounting for the recognition of actuarial gains and losses for defined benefit pension and postretirement plans and the calculation of expected return on pension plan assets. Historically, actuarial gains and losses associated with benefit obligations were recognized in Accumulated other comprehensive loss in the Consolidated Balance Sheets and were amortized into earnings over the remaining service life of participants to the extent that the amounts were in excess of a corridor. Under the new policy, actuarial gains and losses will be recognized immediately in our Consolidated Statements of Earnings as of the measurement date, which is our fiscal year end, or more frequently if an interim remeasurement is required. In addition, we no longer use a market-related value of plan assets, which is an average value, to determine the expected return on assets but rather

will use the fair value of plan assets. We believe the new policies will provide greater transparency to ongoing operating results and better reflect the impact of current market conditions on the obligations and assets.
Relevant financial information has been retrospectively adjusted to reflect the changes in segment reporting and accounting policy.

Executive Summary

We are a manufacturer and marketer of high-quality, branded food and beverage products.

We operate in a highly competitive industry and experience global competition for all of our principal products. The principal areas of competition are brand recognition, taste, quality, price, advertising, promotion, convenience and service. To grow and maintain our market positions, we focus on bringing new products and innovations to market that meet evolving consumer needs and preferences, while maintaining the quality and appeal of our existing products. We continue to optimize our manufacturing and other operations and invest in our brands through ongoing research and development, advertising, marketing and consumer promotions.

Over the last several years, we have diversified our product offerings through several acquisitions and enhanced our focus through a divestiture. In 2013, we acquired Bolthouse Farms and Plum. In 2014, we acquired Kelsen and divested our European simple meals business. In 2015, we completed the acquisition of the assets of Garden Fresh Gourmet. See Note 3 to the Consolidated Financial Statements for additional information on our recent acquisitions, and Note 4 to the Consolidated Financial Statements for additional information on our divestiture of the European simple meals business.

Industry Trends

Our businesses are being influenced by a variety of trends that we anticipate will continue in the future, including changing demographics, consumer tastes, opinions and behaviors. Millennials and Generation Z are replacing Baby Boomers as the key influencers of societal and cultural norms in the U.S. In addition, there is a leveling or shrinking middle class in developed markets, while there is a growing middle class in developing markets.

Consumers increasingly seek products that they deem healthy, including fresh, organic and functional foods. While demanding products with these qualities, consumers have become more distrustful of large corporations and other large institutions. Traditional retailers are responding by developing small format and "neighborhood" stores and expanding shelf space for purpose-driven brands. Consumers also continue to gravitate toward value offerings, which is demonstrated by the increase in lower-priced retailers, such as dollar stores, and the growth of private-label offerings.

Digital technology is changing the way consumers purchase food. Although e-commerce represents only a small percent of total food sales today, we anticipate it will accelerate rapidly through the growth of pure-play e-tailers, increased focus of brick and mortar retailers on e-commerce and the mainstreaming of meal delivery services. Consumers are also increasingly using digital technology to customize their diets for their individual lifestyle, physiology and health goals.

Key Strategies

Our long-term goal is to build shareholder value by driving sustainable, profitable net sales growth. Guided by our purpose - Real food that matters for life’s moments, we are pursuing a dual strategy of strengthening our core businesses while expanding into faster-growing spaces.

New Structure

In 2016, we implemented a new enterprise design that better aligns with our dual strategy. Under the new structure, our divisions are now organized in three segments focused mainly on product categories: Americas Simple Meals and Beverages; Global Biscuits and Snacks; and Campbell Fresh. In support of our new structure, we designed and implemented a new Integrated Global Services (IGS) organization to deliver shared services and cost savings across the company. We are also pursuing other initiatives to reduce costs, such as adopting zero-based budgeting over time. In total, we expect our cost savings initiatives to generate approximately $300 million in annual cost savings by the end of fiscal 2018. These savings are above and beyond our existing supply-chain productivity initiatives. We expect to reinvest a portion of these savings into the businesses during 2017. See "Restructuring Charges and Cost Savings Initiatives" for additional information on these initiatives.

Strategic Imperatives

With this new enterprise design in place, we are responding to the above-described industry trends by continuing to focus on four key strategic imperatives:

- Elevating trust through real food, transparency and sustainability;
- Building our digital marketing and e-commerce capabilities;
- Diversifying our portfolio in health and well-being; and
- Expanding our presence in developing markets over time.

Elevating Trust through Real Food, Transparency and Sustainability

Our focus is to strengthen the trust of our consumers and customers that our products are real food made with desirable ingredients and crafted using ethical sourcing and sustainable practices. We continue to do this by changing recipes or removing ingredients from our food, such as artificial flavors and colors. Our www.whatsinmyfood.com website promotes transparency by providing consumers with a wide range of details about how many of our foods and beverages are made and the choices behind the ingredients we use in those products. This site includes all of our major products in the U.S. and Canada, with designs to expand globally over the next two fiscal years. In addition, we support and remain committed to mandatory national genetically modified organism labeling.

Building Digital Marketing and E-Commerce

We are responding to the growing consumer shift to digital and mobile technologies by focusing a larger percentage of our marketing efforts on digital marketing and e-commerce. We believe these efforts will position us well to grow with the expanding e-commerce market. Although we are shifting our marketing efforts to digital and mobile platforms, we continue to pursue a multi-channel approach to ensure our products are available to consumers at traditional storefront retailers, as well as online retailers.

Diversifying our Portfolio in Health and Well-being

Capitalizing on recent consumer and retailer trends in health and well-being, we are increasing our focus on fresh and healthy foods. We plan to expand our product offerings in key growth areas, such as in the packaged fresh category and with organic and clean label products. In addition, we will focus on naturally functional foods by leveraging our vegetable and whole grain capabilities.

Expanding Presence in Developing Markets Over Time

We plan to focus on expanding our presence in developing markets, especially our Global Biscuits and Snacks business in Asia. We will aim to increase the household penetration and frequency of purchase of our iconic brands, Goldfish, Kjeldsens and Tim Tam, in their home markets while expanding into new geographies.

To support these four imperatives, we will continue to pursue different models of innovation, including smart external development, disciplined mergers and acquisitions, strategic partnerships and venture investing.

Summary of Results

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

- There were 52 weeks in 2016 and 2015. There were 53 weeks in 2014.
- Net sales decreased 1% in 2016 to $7.961 billion, primarily due to the impact of currency translation and lower volume, partially offset by the acquisition of Garden Fresh Gourmet and higher selling prices.
- Gross profit, as a percent of sales, increased to 34.9% from 34.4% a year ago. The increase was primarily due to productivity improvements and higher selling prices, partially offset by increased losses on pension and postretirement benefit mark-to-market adjustments, and cost inflation, supply chain costs and other factors.
- Administrative expenses increased 7% to $641 million from $601 million a year ago. The increase was primarily due to increased losses on pension and postretirement benefit mark-to-market adjustments, and higher costs related to the implementation of the new organizational structure and cost savings initiatives, partially offset by benefits from cost savings initiatives. Excluding losses on pension and postretirement benefit mark-to-market adjustments and costs related to the implementation of new organizational structure and cost savings initiatives, administrative expenses decreased due to the benefits from cost savings initiatives, partially offset by inflation.
- Other expenses / (income) increased to $131 million in 2016 from $24 million in 2015, primarily due to a non-cash impairment charge on the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit, partially offset by a gain from the settlement of a claim related to the Kelsen acquisition.
- Earnings per share were $1.81 in 2016, compared to $2.13 a year ago. The current and prior year included expenses of $1.13 and $.53 per share, respectively, from items impacting comparability as discussed below.
- Cash flow from operations was $1.463 billion in 2016, compared to $1.182 billion in 2015. The increase in 2016 was primarily due to higher cash earnings and lower working capital requirements.

Net Earnings attributable to Campbell Soup Company - 2016 Compared with 2015

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

- In 2015, we implemented a new enterprise design and initiatives to reduce costs and to streamline our organizational structure. In 2016, we recorded a pre-tax restructuring charge of $35 million and implementation costs and other related costs of $47 million in Administrative expenses related to these initiatives. In 2016, we also recorded a reduction to pre-tax restructuring charges of $4 million related to the 2014 initiatives. The aggregate after-tax impact in 2016 of restructuring charges, implementation costs and other related costs was $49 million, or $.16 per share. In 2015, we recorded a pre-tax restructuring charge of $102 million and implementation costs of $22 million recorded in

Administrative expenses related to the 2015 initiatives (aggregate impact of $78 million after tax, or $.25 per share). See Note 8 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;

- In 2016, we recognized losses of $313 million in Costs and expenses ($200 million after tax, or $.64 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans. In 2015, we recognized losses of $138 million in Costs and expenses ($87 million after tax, or $.28 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans;

- In 2016, we recorded a gain of $25 million ($.08 per share) in Other expenses / (income) from a settlement of a claim related to the Kelsen acquisition. The claim was for a warranty breach and has no meaningful ongoing impact on Kelsen; and
- In the fourth quarter of 2016, as part of our annual review of goodwill and indefinite-lived intangible assets, we recognized a non-cash impairment charge of $141 million in Other expenses / (income) ($127 million after tax, or $.41 per share) on the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit, which is part of the Campbell Fresh segment. See Note 6 to the Consolidated Financial Statements for additional information.

The items impacting comparability are summarized below:

(Millions, except per share amounts)	2016 Earnings Impact	2016 EPS Impact	2015 Earnings Impact	2015 EPS Impact
Net earnings attributable to Campbell Soup Company	$563	$1.81	$666	$2.13
Restructuring charges, implementation costs and other related costs	$(49)	$(.16)	$(78)	$(.25)
Pension and postretirement benefit mark-to-market adjustments	(200)	(.64)	(87)	(.28)
Claim settlement	25	.08	—	—
Impairment charge	(127)	(.41)	—	—
Impact of items on Net earnings	$(351)	$(1.13)	$(165)	$(.53)

Net earnings attributable to Campbell Soup Company were $563 million ($1.81 per share) in 2016, compared to $666 million ($2.13 per share) in 2015. After adjusting for items impacting comparability, earnings increased primarily due to an improved gross profit performance, lower administrative expenses and lower marketing and selling expenses, partially offset by the negative impact of currency translation and a higher effective tax rate.

Earnings from continuing operations attributable to Campbell Soup Company - 2015 Compared with 2014

In addition to the 2015 items that impacted comparability of Earnings from continuing operations discussed above, the following items impacted the comparability of earnings and earnings per share:

- In 2014, we recorded a pre-tax restructuring charge of $54 million ($33 million after tax, or $.10 per share) associated with initiatives to streamline our salaried workforce in North America and our workforce in the Asia Pacific region; restructure manufacturing and streamline operations for our 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 and Cost Savings Initiatives" for additional information;
- In 2013, we implemented several initiatives to improve our U.S. supply chain cost structure and increase asset utilization across our U.S. thermal plant network; expand access to manufacturing and distribution capabilities in Mexico; improve our Pepperidge Farm bakery supply chain cost structure; and reduce overhead in North America. In 2014, we 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. See Note 8 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;
- In 2014, we recognized losses of $31 million in Costs and expenses ($19 million after tax, or $.06 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans; and
- On October 28, 2013, we completed the sale of our simple meals business in Europe. In 2014, we 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 our European simple meals business. The loss was included in Other expenses / (income). In addition, we recorded tax expense of $7 million ($.02 per share) associated with the sale of the business.

The items impacting comparability are summarized below:

(Millions, except per share amounts)	2015 Earnings Impact	2015 EPS Impact	2014 Earnings Impact	2014 EPS Impact
Earnings from continuing operations attributable to Campbell Soup Company	$666	$2.13	$785	$2.48
Restructuring charges and related costs	$(78)	$(.25)	$(36)	$(.11)
Pension and postretirement benefit mark-to-market adjustments	(87)	(.28)	(19)	(.06)
Loss on foreign exchange forward contracts	—	—	(6)	(.02)
Tax expense associated with sale of business	—	—	(7)	(.02)
Impact of items on earnings from continuing operations[(1)]	$(165)	$(.53)	$(68)	$(.22)

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

Earnings from continuing operations were $666 million ($2.13 per share) in 2015, compared to $785 million ($2.48 per share) in 2014. The additional week contributed approximately $25 million ($.08 per share) to earnings from continuing operations in 2014. After adjusting for the 53rd week and other items impacting comparability, earnings decreased primarily due to a lower gross margin percentage and the impact of currency translation, partially offset by an increase in sales on a constant currency basis, lower marketing and selling expenses, lower interest expense and a lower effective tax rate. Currency translation had a negative impact of $.06 on earnings per share in 2015. Earnings per share benefited from a reduction in the weighted average diluted shares outstanding, primarily due to share repurchases under our strategic share repurchase program.

We sold our European simple meals business on October 28, 2013. See "Discontinued Operations" for additional information.

Net earnings (loss) attributable to noncontrolling interests

We own a 60% controlling interest in a joint venture formed with Swire Pacific Limited to support the development of our soup and broth business in China. The joint venture began operations on January 31, 2011. In 2014, together with our joint venture partner, we agreed to restructure manufacturing and streamline operations for our soup and broth business in China. The after-tax restructuring charge attributable to the noncontrolling interest was $5 million.

We own a 70% controlling interest in a Malaysian food products manufacturing company.

In addition, beginning in 2016, we own a 99.8% interest in Acre Venture Partners, L.P., a limited partnership formed to make venture capital investments in innovative new companies in food and food-related industries. See Note 15 to the Consolidated Financial Statements for additional information.

The noncontrolling interests' share in the net earnings (loss) was included in Net earnings (loss) attributable to noncontrolling interests in the Consolidated Statements of Earnings.

DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

(Millions)	2016	2015	2014	% Change 2016/2015	% Change 2015/2014
Americas Simple Meals and Beverages	$4,380	$4,483	$4,588	(2)%	(2)%
Global Biscuits and Snacks	2,564	2,631	2,725	(3)	(3)
Campbell Fresh	1,017	968	955	5	1
	$7,961	$8,082	$8,268	(1)%	(2)%

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

2016 versus 2015	Americas Simple Meals and Beverages	Global Biscuits and Snacks[2]	Campbell Fresh[2]	Total
Volume and Mix	(2)%	1%	(3)%	(1)%
Price and Sales Allowances	1	1	—	1
Increased Promotional Spending[1]	—	—	(1)	—
Currency	(1)	(4)	—	(2)
Acquisitions	—	—	10	1
	(2)%	(3)%	5%	(1)%

2015 versus 2014	Americas Simple Meals and Beverages	Global Biscuits and Snacks[2]	Campbell Fresh	Total[2]
Volume and Mix	—%	2%	2%	—%
Price and Sales Allowances	—	1	—	1
Currency	(1)	(5)	—	(2)
Acquisitions	—	—	1	—
Estimated Impact of 53rd week	(1)	(2)	(2)	(2)
	(2)%	(3)%	1%	(2)%

(1) Represents revenue reductions from trade promotion and consumer coupon redemption programs.
(2) Sum of the individual amounts does not add due to rounding.

In 2016, Americas Simple Meals and Beverages sales decreased 2%. Sales decreased primarily due to declines in soup and V8 beverages, partially offset by gains in Prego pasta sauces, Plum products and Pace Mexican sauces. U.S. soup sales decreased 4% primarily as a result of the impact of our net price realization actions and category declines, which were partly related to warmer weather. Further details of U.S. soup include:

- Sales of condensed soups were comparable to the prior year.
- Sales of ready-to-serve soups declined 13%. The sales decrease in ready-to-serve soups was also due to marketing execution issues on Campbell's Chunky soups.
- Broth sales increased 1%.

V8 beverages continued to be under pressure from competition from specialty and packaged fresh beverages.

In 2015, Americas Simple Meals and Beverages sales decreased 2%. U.S. soup sales declined 3%, with 1% due to the impact of the 53rd week. Further details of U.S. soup include:

- Sales of condensed soups decreased 3%, with declines in both eating and cooking varieties. Lower volumes were partially offset by higher selling prices and reduced promotional spending.
- Sales of ready-to-serve soups decreased 5%.
- Broth sales increased 3% due to gains in aseptically-packaged broth, partially offset by declines in canned broth.

Sales of U.S. beverages decreased 5%, primarily due to declines in V8 V-Fusion beverages and V8 vegetable juice, partially offset by gains in V8 Splash beverages. Our U.S. beverages continued to be under pressure from category weakness in shelf-stable juices, as well as from competition from specialty beverages and packaged fresh juices. Sales of other U.S. simple meals increased 5%, primarily due to growth in Prego pasta sauces, Plum products and Campbell's dinner sauces, partially offset by lower sales in other simple meal products. In Canada, sales decreased due to the negative impact of currency translation.

In 2016, Global Biscuits and Snacks sales decreased 3% reflecting a 4% negative impact from currency translation. Excluding the negative impact of currency translation, segment sales increased primarily due to gains in Pepperidge

Farm Goldfish crackers and Arnott's biscuits in Australia, partially offset by declines in Kelsen.
In 2015, Global Biscuits and Snacks sales decreased 3%. In Arnott's, sales decreased primarily due to the impact of currency translation. Excluding the negative impact of currency translation, sales of Arnott's products increased due to volume gains and higher selling prices in Australia and Indonesia. Pepperidge Farm sales declined primarily due to the impact of the 53rd week. Excluding the impact of the 53rd week, Pepperidge Farm sales increased due to gains in fresh bakery, and crackers and cookies,

partially offset by declines in frozen products. Sales of simple meals and beverages in the Asia Pacific region declined due to the negative impact of currency translation and the 53rd week.

In 2016, Campbell Fresh sales increased 5% primarily due to the acquisition of Garden Fresh Gourmet, which was acquired on June 29, 2015. Excluding the acquisition, sales declined reflecting lower sales in carrots and carrot ingredients, partially offset by gains in refrigerated beverages and salad dressings. In 2016, carrot sales performance primarily reflected the adverse impact of weather conditions on crop yields, and execution issues in response to those conditions, which led to customer dissatisfaction and a loss of business in the second half of the year. The increase in refrigerated beverages was primarily due to new product launches, partially offset by the impact of the voluntary recall of Bolthouse Farms Protein PLUS drinks in June. In 2016, promotional spending was increased to remain competitive and to support new product launches.

In 2015, Campbell Fresh sales increased 1%. Excluding the impact of the 53rd week, sales increased primarily due to gains in Bolthouse premium refrigerated beverages and salad dressings; and the acquisition of Garden Fresh Gourmet, which was acquired on June 29, 2015; partially offset by declines in Bolthouse carrots and carrot ingredients.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, decreased by $2 million in 2016 from 2015 and decreased by $189 million in 2015 from 2014. As a percent of sales, gross profit was 34.9% in 2016, 34.4% in 2015 and 35.9% in 2014.

The 0.5 percentage point increase in gross margin in 2016 and 1.5 percentage-point decrease in gross margin percentage in 2015 were due to the following factors:

	2016	2015
Productivity improvements	2.0%	1.6%
Higher selling prices	0.6	0.5
Mix	0.4	(0.3)
Higher level of promotional spending	(0.2)	(0.1)
Impact of acquisitions	(0.3)	0.3
Cost inflation, supply chain costs and other factors(1)	(0.8)	(2.5)
Pension and postretirement benefit mark-to-market adjustments(2)	(1.2)	(1.0)
	0.5%	(1.5)%

(1) 2016 includes a positive margin impact of 0.6 points from cost savings initiatives.

(2) Mark-to-market losses were $176 million in 2016 and $80 million in 2015.

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 11.2% in 2016, 10.9% in 2015 and 11.2% in 2014. Marketing and selling expenses increased 1% in 2016 from 2015. The increase was due to increased losses on pension and postretirement benefit mark-to-market adjustments (approximately 3 percentage points); higher advertising and consumer promotion expenses (approximately 2 percentage points); lower marketing overhead expenses and lower selling expenses (approximately 1 percentage point); and inflation (approximately 1 percentage point), partially offset by benefits from cost savings initiatives (approximately 4 percentage points) and the impact of currency translation (approximately 2 percentage points). The increase in advertising and consumer promotion expenses in 2016 was primarily in Global Biscuits and Snacks.

Marketing and selling expenses decreased 5% in 2015 from 2014. The decrease was primarily due to the impact of currency translation (approximately 2 percentage points); lower advertising and consumer promotion expenses (approximately 2 percentage points); lower marketing overhead expenses (approximately 1 percentage point) and lower selling expenses (approximately 1 percentage point), partially offset by increased losses on pension and postretirement benefit mark-to-market adjustments (approximately 1 percentage point). The decline in advertising and consumer promotion expenses in 2015 was primarily in Americas Simple Meals and Beverages, partially offset by an increase in Global Biscuits and Snacks.

Administrative Expenses

Administrative expenses as a percent of sales were 8.1% in 2016, 7.4% in 2015 and 7.0% in 2014. Administrative expenses increased 7% in 2016 from 2015. The increase was primarily due to increased losses on pension and postretirement benefit mark-to-market adjustments (approximately 7 percentage points); higher costs related to the implementation of the new organizational structure and cost savings initiatives (approximately 4 percentage points); inflation (approximately 2 percentage points) and higher incentive compensation costs (approximately 1 percentage point), partially offset by benefits from cost savings initiatives (approximately 6 percentage points) and the impact of currency translation (approximately 1 percentage point).

Administrative expenses increased 4% in 2015 from 2014. The increase was primarily due to costs of $22 million in 2015 related to the implementation of the new organizational structure and cost savings initiatives (approximately 4 percentage points); higher incentive compensation costs (approximately 4 percentage points), and increased losses on pension and postretirement benefit mark-to-market adjustments (approximately 1 percentage point), partially offset by benefits from cost savings initiatives (approximately 3 percentage points) and the impact of currency translation (approximately 2 percentage points).

Research and Development Expenses

Research and development expenses increased $7 million, or 6%, in 2016 from 2015. The increase was primarily due to increased losses on pension and postretirement benefit mark-to-market adjustments (approximately 9 percentage points) and increased costs to support long-term innovation (approximately 3 percentage points), partially offset by benefits from cost savings initiatives (approximately 6 percentage points).

Research and development expenses decreased $5 million, or 4%, in 2015 from 2014. The decrease was primarily due to benefits from cost savings initiatives (approximately 7 percentage points), partially offset by increased losses on pension and postretirement benefit mark-to-market adjustments (approximately 4 percentage points).

Other Expenses / (Income)

Other expenses in 2016 included a non-cash impairment charge of $141 million on the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit, which is part of the Campbell Fresh segment. The impairment charge was recorded as a result of our annual review of intangible assets. See Note 6 to the Consolidated Financial Statements for additional information. In addition, 2016 included $20 million of amortization of intangible assets and a $25 million gain from a settlement of a claim related to the Kelsen acquisition. Other expenses in 2015 included $17 million of amortization of intangible assets and an impairment charge of $6 million related to minor trademarks used in the Global Biscuits and Snacks segment. 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.

Operating Earnings

Segment operating earnings increased 11% in 2016 from 2015 and decreased 5% in 2015 from 2014.

An analysis of operating earnings by segment follows:

				% Change	
(Millions)	2016	2015	2014	2016/2015	2015/2014
Americas Simple Meals and Beverages	$1,069	$948	$1,030	13%	(8)%
Global Biscuits and Snacks	422	383	366	10	5
Campbell Fresh	60	61	68	(2)	(10)
	1,551	1,392	1,464	11%	(5)%
Corporate	(560)	(236)	(142)		
Restructuring charges[1]	(31)	(102)	(55)		
Earnings before interest and taxes	$960	$1,054	$1,267		

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

Earnings from Americas Simple Meals and Beverages increased 13% in 2016 versus 2015. The increase was primarily due to a higher gross margin percentage, benefiting from productivity improvements and increased net price realization, as well as lower marketing and selling expenses, partially offset by volume declines.

Earnings from Americas Simple Meals and Beverages decreased 8% in 2015 versus 2014. The decrease was due to cost inflation and higher supply chain costs, unfavorable product mix, and the impact of the 53rd week, partially offset by productivity improvements, lower marketing expenses, higher selling prices and the benefit of lapping the Plum recall in 2014.

Earnings from Global Biscuits and Snacks increased 10% in 2016 versus 2015. The increase was primarily due to a higher gross margin percentage, volume gains, lower selling expenses and lower administrative expenses, partly offset by the negative impact of currency translation and higher advertising and consumer promotion expenses.
Earnings from Global Biscuits and Snacks increased 5% in 2015 versus 2014. The increase was primarily due to productivity improvements and higher selling prices, partially offset by cost inflation and higher supply chain costs, increased marketing expenses and the negative impact of currency translation.

Earnings from Campbell Fresh decreased 2% in 2016 versus 2015. The decrease was primarily due to higher carrot costs, and the impact of the voluntary recall of Bolthouse Farms Protein PLUS drinks and the related production outages, partially offset by productivity improvements and lower administrative expenses.

Earnings from Campbell Fresh decreased 10% in 2015 versus 2014. The decrease was primarily due to cost inflation and higher supply chain costs, partially offset by favorable product mix and productivity improvements. The increase in cost inflation and higher supply chain costs reflected higher carrot costs due in part to adverse weather.

Corporate in 2016 included a $313 million loss associated with pension and postretirement benefit mark-to-market adjustments, a non-cash impairment charge of $141 million on the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit, costs of $47 million related to the implementation of our new organizational structure and cost savings initiatives, and a $25 million gain from a settlement of a claim related to the Kelsen acquisition.

Corporate in 2015 included a $138 million loss associated with pension and postretirement benefit mark-to-market adjustments and costs of $22 million related to the implementation of our new organizational structure and cost savings initiatives. The remaining increase was primarily due to an increase in pension benefit cost, resulting from a reduction in expected return on assets partially offset by lower interest cost.

Corporate in 2014 included a $31 million loss associated with pension and postretirement benefit mark-to-market adjustments, 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. The remaining decrease was primarily due to a reduction in pension and postretirement benefit interest cost, net of expected return on assets, and lower losses on open commodity hedges in 2015.

Interest Expense/Income

Interest expense increased to $115 million in 2016 from $108 million in 2015, reflecting higher average interest rates on the debt portfolio, partially offset by lower average levels of debt.

Interest expense decreased to $108 million in 2015 from $122 million in 2014, reflecting lower average levels of debt.

Taxes on Earnings

The effective tax rate was 33.7% in 2016, 29.8% in 2015 and 32.6% in 2014.

In 2016, we recognized a tax benefit of $113 million on $313 million of pension and postretirement benefit mark-to-market losses; a $29 million tax benefit on $78 million of restructuring charges, implementation costs and other related costs; and a $14 million tax benefit on the $141 million impairment charge on the trademark and goodwill associated with the Bolthouse Farms carrot and carrot ingredients reporting unit. In 2016, the $25 million gain from a settlement of a claim related to the Kelsen acquisition was not subject to tax. In 2015, we recognized a tax benefit of $51 million on $138 million of pension and postretirement benefit mark-to-market losses and a $46 million tax benefit on $124 million of restructuring charges and implementation costs. After adjusting for the items above, the remaining increase in the effective tax rate in 2016 was primarily due to lapping the favorable resolution of an intercompany pricing agreement between the U.S. and Canada in 2015.

In 2014, we recognized a tax benefit of $17 million on $58 million of restructuring charges and related costs. In addition, 2014 included a tax benefit of $12 million on $31 million of pension and postretirement benefit mark-to-market losses; a 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. After adjusting for the items above, the remaining decrease in the effective rate in 2015 was primarily due to the favorable resolution of an intercompany pricing agreement between the U.S. and Canada.

Restructuring Charges and Cost Savings Initiatives

2015 Initiatives

On January 29, 2015, we announced plans to implement a new enterprise design focused mainly on product categories. Under the new structure, which we fully implemented at the beginning of 2016, our businesses are organized in the following divisions: Americas Simple Meals and Beverages, Global Biscuits and Snacks, and

Campbell Fresh.

In support of the new structure, we designed and implemented a new IGS organization to deliver shared services across the company. We also streamlined our organizational structure. We are pursuing other initiatives to reduce costs and increase effectiveness, such as adopting zero-based budgeting over time.

As part of these initiatives, we commenced a voluntary employee separation program available to certain U.S.-based salaried employees nearing retirement who met age, length-of-service and business unit/function criteria. A total of 471 employees elected the program. The electing employees remained with us through at least July 31, 2015, with some remaining beyond July 31. We also implemented an initiative to reduce overhead across the organization by eliminating approximately 250 positions. In 2016, we recorded a restructuring charge of $35 million related to these initiatives. In 2015, we recorded a restructuring charge of $102 million related to these initiatives.

In 2016, we also incurred charges of $47 million recorded in Administrative expenses related to the implementation of the new organizational structure and cost savings initiatives. In 2015, we incurred charges of $22 million recorded in Administrative expenses related to these initiatives.

The aggregate after-tax impact of restructuring charges, implementation costs and other related costs recorded in 2016 was $52 million, or $0.17 per share. The aggregate after-tax impact of restructuring charges and implementation and other costs recorded in 2015 was $78 million, or $.25 per share. A summary of the pre-tax costs associated with the 2015 initiatives is as follows:

(Millions)	Recognized as of July 31, 2016
Severance pay and benefits	$ 128
Implementation costs and other related costs	78
Total	$ 206

The total estimated pre-tax costs for the 2015 initiatives are approximately $250 million to $300 million. We expect the costs to consist of approximately $135 million to $145 million in severance pay and benefits, and approximately $115 million to $155 million in implementation costs and other related costs.We expect the total pre-tax costs related to the 2015 initiatives will be associated with segments as follows: Americas Simple Meals and Beverages - approximately 30%; Global Biscuits and Snacks - approximately 32%; Campbell Fresh - approximately 3%; and Corporate - approximately 35%.

We expect substantially all costs to be cash expenditures, except for $7 million of non-cash postretirement and pension curtailment costs incurred in 2015. We expect to incur the costs through 2018, and to fund the costs through cash flows from operations and short-term borrowings.

We expect the 2015 initiatives to generate pre-tax savings of approximately $265 million in 2017, and once fully implemented, annual ongoing savings of approximately $300 million beginning in 2018. In 2016 and 2015, pre-tax savings were $215 million and $85 million, respectively.

Segment operating results do not include restructuring charges, implementation costs and other related costs because we evaluate segment performance excluding such charges. A summary of the pre-tax costs incurred to date associated with segments is as follows:

(Millions)	2016	Costs Incurred to Date
Americas Simple Meals and Beverages	$ 17	$ 71
Global Biscuits and Snacks	22	66
Campbell Fresh	1	2
Corporate	42	67
Total	$ 82	$ 206

2014 Initiatives

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

- We streamlined our salaried workforce in North America and our workforce in the Asia Pacific region. Approximately 250 positions were eliminated.
- Together with our joint venture partner Swire Pacific Limited, we restructured manufacturing and streamlined operations for our soup and broth business in China. As a result, certain assets were impaired, and approximately 100 positions were eliminated.

- In Australia, we commenced an initiative to improve supply chain efficiency by relocating production from our biscuit plant in Marleston to Huntingwood. The relocation will continue through 2017 and will result in the elimination of approximately 45 positions.
- We implemented an initiative to reduce overhead across the organization by eliminating approximately 85 positions. The actions were completed in 2015.

In 2016, we recorded a reduction to restructuring charges of $4 million ($3 million after tax, or $.01 per share) related to the 2014 initiatives. In 2014, we 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. As of July 31, 2016, we incurred substantially all of the costs related to the 2014 initiatives.

A summary of the pre-tax costs associated with the 2014 initiatives is as follows:

(Millions)	Total Program[1]	Change in Estimate	Recognized as of July 31, 2016
Severance pay and benefits	$ 41	$ (4)	$ 37
Asset impairment	12	—	12
Other exit costs	1	—	1
Total	$ 54	$ (4)	$ 50

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(1) Recognized as of August 2, 2015.

Of the aggregate $50 million of pre-tax costs, approximately $37 million represented cash expenditures. In addition, we invested approximately $4 million in capital expenditures as of July 31, 2016, primarily to relocate biscuit production and packaging capabilities.

The 2014 initiatives generated pre-tax savings of approximately $26 million in 2014 and $57 million in 2015. We generated annual ongoing savings of approximately $65 million beginning in 2016.

Segment operating results do not include restructuring charges because we evaluate segment performance excluding such charges. A summary of restructuring charges associated with segments is as follows:

(Millions)	2016	Total Program
Americas Simple Meals and Beverages	$ (1)	$ 13
Global Biscuits and Snacks	(3)	35
Campbell Fresh	—	1
Corporate	—	1
Total	$ (4)	$ 50

2013 Initiatives

In 2013, we implemented initiatives to improve supply chain efficiency, expand access to manufacturing and distribution capabilities and reduce costs.

In 2014, we recorded a restructuring charge of $1 million related to the 2013 initiatives. In addition, we recorded approximately $3 million of costs related to the 2013 initiatives 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.

A summary of the pre-tax costs associated with the 2013 initiatives is as follows:

(Millions)	Total Program
Severance pay and benefits	$ 31
Accelerated depreciation/asset impairment	99
Other exit costs	12
Total	$ 142

In 2015, we substantially completed the 2013 initiatives.

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

Discontinued Operations

On October 28, 2013, we completed the sale of our 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. We recognized a

pre-tax gain of $141 million ($72 million after tax, or $.23 per share) in 2014.
We have reflected the results of the European simple meals business as discontinued operations in the Consolidated Statements of Earnings.

Results of discontinued operations were as follows:

(Millions)	2014
Net sales	$137
Gain on sale of the European simple meals business	$141
Earnings from operations, before taxes	14
Earnings before taxes	$155
Taxes on earnings	(74)
Earnings from discontinued operations	$81

LIQUIDITY AND CAPITAL RESOURCES

We expect foreseeable liquidity and capital resource requirements to be met through anticipated cash flows from operations; long-term borrowings; short-term borrowings, including commercial paper; credit facilities; and cash and cash equivalents. We believe that our sources of financing will be adequate to meet our future requirements.

We generated cash flows from operations of $1.463 billion in 2016, compared to $1.182 billion in 2015. The increase in 2016 was primarily due to higher cash earnings and lower working capital requirements, primarily inventories.

We generated cash flows from operations of $1.182 billion in 2015, compared to $899 million in 2014. The increase in 2015 was primarily due to lower working capital requirements, taxes paid in 2014 on the divestiture of the European simple meals business and lower pension contributions in 2015, partially offset by lower cash earnings.

Current assets are less than current liabilities as a result of our level of current maturities of long-term debt and short-term borrowings and our focus to lower core working capital requirements by reducing trade receivables and inventories while extending payment terms for accounts payables. We had negative working capital of $647 million as of July 31, 2016, and $713 million as of August 2, 2015. Debt maturing within one year was $1.219 billion as of July 31, 2016, and $1.543 billion as of August 2, 2015.

Capital expenditures were $341 million in 2016, $380 million in 2015 and $347 million in 2014. Capital expenditures are expected to total approximately $350 million in 2017. Capital expenditures in 2016 included projects to expand: beverage and salad dressing capacity at Bolthouse Farms (approximately $22 million); biscuit capacity in Indonesia (approximately $11 million); warehouse capacity in North America (approximately $11 million); cracker capacity at Pepperidge Farm (approximately $9 million); and capacity in Malaysia (approximately $6 million); as well as the continued enhancement of our corporate headquarters (approximately $15 million) and the ongoing initiative to simplify the soup-making process in North America (also known as the soup common platform initiative) (approximately $5 million). Capital expenditures in 2015 included projects to expand: cracker capacity at Pepperidge Farm (approximately $36 million); beverage and salad dressing capacity at Bolthouse Farms (approximately $33 million); warehouse capacity at Bolthouse Farms (approximately $13 million); biscuit capacity in Indonesia (approximately $13 million); and aseptic broth capacity (approximately $6 million); as well as the ongoing soup common platform initiative in North America (approximately $30 million); and continued enhancement of our corporate headquarters (approximately $12 million). Capital expenditures in 2014 included projects to expand: capacity at Pepperidge Farm (approximately $48 million) and broth capacity (approximately $15 million); as well as the ongoing soup common platform initiative in North America (approximately $22 million); continued enhancement of our 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 Americas Simple Meals and Beverages business (approximately $10 million); the packing automation and capacity expansion projects at one of our Australian biscuit plants (approximately $10 million) and an advanced planning system in North America (approximately $4 million).

On June 29, 2015, we completed the acquisition of the assets of Garden Fresh Gourmet. The purchase price was $232 million, and was funded through the issuance of commercial paper.

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

In March 2015, we issued $300 million of 3.30% notes that mature on March 19, 2025. Interest on the notes is due semi-annually on March 19 and September 19, commencing on September 19, 2015. The notes may be redeemed in whole, or in part, at our option at any time at the applicable redemption price. In certain circumstances, we may be required to repurchase some or all of the notes upon a change in control of our company and a downgrade of the notes below investment grade. The net proceeds were used for general corporate purposes.

Dividend payments were $390 million in 2016, $394 million in 2015 and $391 million in 2014. Annual dividends declared were $1.248 per share in 2016, 2015, and 2014. The 2016 fourth quarter dividend was $.312 per share. On September 1, 2016, we announced that our Board of Directors approved an increase in our quarterly dividend from $.312 per share to $.35 per share. The quarterly dividend is payable on October 31, 2016.

We repurchased approximately 3 million shares at a cost of $143 million in 2016, approximately 5 million shares at a cost of $244 million in 2015, and approximately 2 million shares at a cost of $76 million in 2014. See Note 17 to the Consolidated Financial Statements and "Market for Registrant's Capital Stock, Related Shareholder Matters and Issuer Purchases of Equity Securities" for more information.

At July 31, 2016, we had $1.219 billion of short-term borrowings due within one year, of which $770 million was comprised of commercial paper borrowings. As of July 31, 2016, we issued $47 million of standby letters of credit. We have a committed revolving credit facility totaling $2.2 billion that matures in December 2018. This U.S. facility remained unused at July 31, 2016, except for $3 million of standby letters of credit that we issued under it. The U.S. facility supports our commercial paper programs and other general corporate purposes. We may increase the commitment under the U.S. facility up to an additional $500 million, upon the agreement of either existing lenders or of additional banks not currently parties to the facility. In July 2016, we entered into a committed revolving credit facility totaling CAD $280 million, or $215 million, that matures in July 2019. The Canadian facility's commitment mandatorily reduces to CAD $225 million in July 2017 and to CAD $185 million in July 2018. The Canadian facility supports general corporate purposes. As of July 31, 2016, we borrowed CAD $280 million, or $215 million, at a rate of 1.78% pursuant to this facility, of which CAD $55 million, or $42 million, is classified as short-term borrowings. In August 2016, we reduced the borrowings and commitment under the Canadian facility by CAD $35 million, or $27 million.

On October 28, 2013, we completed the sale of our 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. We used the proceeds from the sale to pay taxes on the sale, to reduce debt and for other general corporate purposes.

In September 2014, we filed a registration statement with the Securities and Exchange Commission that registered an indeterminate amount of debt securities. Under the registration statement, we may issue debt securities from time to time, depending on market conditions.

We are in compliance with the covenants contained in our revolving credit facilities and debt securities.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

Contractual Obligations

The following table summarizes our obligations and commitments to make future payments under certain contractual obligations as of July 31, 2016. 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 20 to the Consolidated Financial Statements.

	Contractual Payments Due by Fiscal Year				
(Millions)	Total	2017	2018-2019	2020-2021	Thereafter
Debt obligations[1]	$3,551	$1,220	$ 474	$ 701	$ 1,156
Interest payments[2]	791	105	178	140	368
Derivative payments[3]	60	16	44	—	—
Purchase commitments	1,001	758	135	61	47
Operating leases	158	38	56	38	26
Other long-term payments[4]	170	—	73	34	63
Total long-term cash obligations	$5,731	$2,137	$ 960	$ 974	$ 1,660

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

(2) Interest payments for short- and long-term borrowings are based on principal amounts and coupons or contractual rates at fiscal year end.

(3) Represents payments of foreign exchange forward contracts, commodity contracts, forward starting interest rate swaps, and deferred compensation hedges.

(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

We guarantee approximately 2,000 bank loans to Pepperidge Farm independent contractor distributors by third-party financial institutions used to purchase distribution routes. The maximum potential amount of the future payments under existing guarantees we could be required to make is $198 million. Our guarantees are indirectly secured by the distribution routes. We do not believe that it is probable that we will be required to make material guarantee payments as a result of defaults on the bank loans guaranteed. See also Note 19 to the Consolidated Financial Statements for information on off-balance sheet arrangements.

INFLATION

We are exposed to the impact of inflation on our cost of products sold. We 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 we are exposed are changes in foreign currency exchange rates, interest rates and commodity prices. In addition, we are exposed to equity price changes related to certain deferred compensation obligations. We manage our 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 our variable-to-total debt ratio within targeted guidelines. International operations, which accounted for 19% of 2016 net sales, are concentrated principally in Australia and Canada. We manage our foreign currency exposures by borrowing in various foreign currencies and utilizing cross-currency swaps and foreign exchange forward contracts. We enter into cross-currency swaps and foreign exchange forward contracts for periods consistent with related underlying exposures, and the contracts do not constitute positions independent of those exposures. We do not enter into derivative contracts for speculative purposes and do not use leveraged instruments.

We principally use 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. We also enter into commodity futures, options and swap contracts to reduce the volatility of price fluctuations of wheat, diesel fuel, aluminum, soybean oil, cocoa, natural gas, butter, corn and cheese, which impact the cost of raw materials.

The information below summarizes our market risks associated with debt obligations and other significant financial instruments as of July 31, 2016. 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, 14 and 16 to the Consolidated Financial Statements.

The following table 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 July 31, 2016. 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.

	Expected Fiscal Year of Maturity							Fair Value of Liabilities
(Millions)	2017	2018	2019	2020	2021	Thereafter	Total	
Debt[1]								
Fixed rate	$402	$1	$300	$1	$700	$1,156	$2,560	$ 2,736
Weighted-average interest rate	3.05 %	5.44 %	4.50 %	5.00 %	5.57 %	3.17 %	3.97 %	
Variable rate[2]	$818	$31	$142	$—	$—	$—	$991	$ 991
Weighted-average interest rate	0.86 %	1.78 %	1.78 %	— %	— %	— %	1.02 %	

Interest Rate Swaps								
Cash-flow swaps								
Variable to fixed	$—	$300	$—	$—	$—	$—	$300	$ 44
Average pay rate	— %	3.09 %	— %	— %	— %	— %	3.09 %	
Average receive rate	— %	1.47 %	— %	— %	— %	— %	1.47 %	

(1) Expected maturities exclude unamortized net discount/premium on debt issuances and debt issuance costs.

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(2) Represents $770 million of USD borrowings, $215 million equivalent of CAD borrowings and $6 million equivalent of borrowings in other currencies.

As of August 2, 2015, fixed-rate debt of approximately $2.57 billion with an average interest rate of 3.95% and variable-rate debt of approximately $1.53 billion with an average interest rate of 0.58% were outstanding. As of August 2, 2015, $300 million forward starting interest rate swaps were outstanding. The average rate to be received on these swaps was 2.75%, and the average rate to be paid was estimated to be 3.09% over the remaining life of the swaps.

We are exposed to foreign exchange risk related to our international operations, including non-functional currency intercompany debt and net investments in subsidiaries.

Cross-Currency Swaps

We did not have any cross-currency swap contracts outstanding as of July 31, 2016. The cross-currency swap contracts outstanding as of August 2, 2015, represented one pay variable AUD/receive variable USD swap with a notional value totaling $31 million and four pay variable CAD/receive variable USD swaps with notional values totaling $219 million. The aggregate notional value of these swap contracts was $250 million as of August 2, 2015, and the aggregate fair value of these swap contracts was a gain of $40 million as of August 2, 2015.

We are also exposed to foreign exchange risk as a result of transactions in currencies other than the functional currency of certain subsidiaries, including subsidiary debt. We utilize 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 July 31, 2016.

Foreign Exchange Forward Contracts

(Millions)	Notional Value	Average Contractual Exchange Rate (currency paid/ currency received)
Receive USD/Pay CAD	$ 168	1.3572
Receive DKK/Pay USD	$ 42	0.1509
Receive AUD/Pay NZD	$ 28	1.0773
Receive USD/Pay AUD	$ 18	1.3948

We had an additional number of smaller contracts to purchase or sell various other currencies with a notional value of $10 million as of July 31, 2016. The aggregate fair value of all contracts was a loss of $10 million as of July 31, 2016. The total notional value of foreign exchange forward contracts outstanding was $283 million, and the aggregate fair value was a gain of $10 million as of August 2, 2015.

We enter into commodity futures, options and swap contracts to reduce the volatility of price fluctuations for commodities. The notional value of these contracts was $88 million, and the aggregate fair value of these contracts was a loss of $1 million as of July 31, 2016. The notional value of these contracts was $95 million, and the aggregate fair value of these contracts was a loss of $9 million as of August 2, 2015.

We enter into swap contracts which hedge a portion of exposures relating to certain deferred compensation obligations linked to the total return of our capital stock, the total return of the Vanguard Institutional Index, and the total return of the Vanguard Total International Stock Index. Under these contracts, we pay variable interest rates and receive from the counterparty either the total return on our 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 our capital stock was $15 million at July 31, 2016, and $17 million at August 2, 2015. The average forward interest rate applicable to this contract, which expires in April 2017, was 1.13% at July 31, 2016. The notional value of the contract that is linked to the return on the Standard & Poor's 500 Index was $22 million at July 31, 2016, and $24 million at August 2, 2015. The average forward interest rate applicable to this contract, which expires in March 2017, was 0.90% at July 31, 2016. The notional value of the contract that is linked to the total return of the iShares MSCI EAFE Index was $7 million at July 31, 2016, and $8

million at August 2, 2015. The average forward interest rate applicable to this contract, which expires in March 2017, was 0.90% at July 31, 2016. The fair value of these contracts was not material at July 31, 2016, and August 2, 2015.
Our 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 our acquisition and divestiture activities.

SIGNIFICANT ACCOUNTING ESTIMATES

We prepare our consolidated financial statements 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 — We offer 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 our 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. We 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.

In the fourth quarter of 2016, as part of our annual review of goodwill and intangible assets, we recognized an impairment charge of $106 million on goodwill and $35 million on a trademark within the Bolthouse Farms carrot and carrot ingredients reporting unit, which is part of the Campbell Fresh segment. In 2016, carrot performance primarily reflected the adverse impact of weather conditions on crop yields, and execution issues in response to those conditions, which led to customer dissatisfaction, a loss of business, and higher carrot costs in the second half of the year. These factors resulted in a decline in profitability during the second half of the year which was below our expectations. Although we expect sales and margins to improve over time, after this weak performance we revised our

2017 outlook and long-term expectations in the fourth quarter. The impairment was attributable to this revised future outlook for the business, with reduced expectations for sales, margins, and discounted cash flows.

In the fourth quarter of 2015, as part of our annual review of intangible assets, we recognized an impairment charge of $6 million on minor trademarks used in the Global Biscuits and Snacks segment. 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 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 our 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.

As of July 31, 2016, the carrying value of goodwill was $2.263 billion, of which $202 million relates to the Bolthouse Farms carrot and carrot ingredients reporting unit. The carrying value of the Bolthouse Farms carrot and carrot ingredients reporting unit represents fair value as a result of the impairment charge in 2016. In addition, we acquired Garden Fresh Gourmet on June 29, 2015, and therefore the fair value is not significantly in excess of the carrying value. As of July 31, 2016, goodwill related to

Garden Fresh Gourmet was $116 million. As of the 2016 measurement, excluding the Bolthouse Farms carrot and carrot ingredients reporting unit and Garden Fresh Gourmet, the estimated fair value of each reporting unit exceeded the carrying value by at least 25%. Holding all other assumptions used in the 2016 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, other than the Bolthouse Farms carrot and carrot ingredients reporting unit and Garden Fresh Gourmet, 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 July 31, 2016, the carrying value of indefinite-lived trademarks was $927 million, of which $68 million relates to the Bolthouse Farms carrot and carrot ingredients reporting unit. Holding all other assumptions used in the 2016 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 $30 million.

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

Pension and postretirement benefits — We provide 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.

The discount rate is established as of our fiscal year-end measurement date. In establishing the discount rate, we review 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 our 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. Gains and losses resulting from differences between actual experience and the assumptions are determined at each measurement date.

Net periodic pension and postretirement expense was $317 million in 2016, $125 million in 2015 and $58 million in 2014.

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

	2016	2015	2014
Pension			
Discount rate for benefit obligations	3.39%	4.19%	4.33%
Expected return on plan assets	7.09%	7.35%	7.62%
Postretirement			
Discount rate for obligations	3.20%	4.00%	4.00%
Initial health care trend rate	7.25%	7.75%	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 decline in the discount rate would decrease expense by approximately $6 million and would result in an immediate loss recognition of approximately $180 million. A 50-basis-point reduction in the estimated return on assets assumption would increase expense by approximately $10 million. A one-percentage-point increase in assumed health care costs would have no impact on postretirement service and interest cost and would result in an immediate loss recognition of $12 million.

No contributions were made to U.S. pension plans in 2016 and 2015. We contributed $35 million to U.S. pension plans in 2014. Contributions to non-U.S. plans were $2 million in 2016, $5 million in 2015 and $12 million in 2014. We do not expect to contribute to the U.S. pension plans in 2017. Contributions to non-U.S. plans are expected to be approximately $5 million in 2017.

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

Income taxes — The effective tax rate reflects statutory tax rates, tax planning opportunities available in the various jurisdictions in which we operate 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 our current expectations regarding our future results of operations, economic performance, financial condition and achievements. We try, wherever possible, to identify these forward-looking statements by using words such as “anticipate,” “believe,” “estimate,” “expect,” “will” and similar expression One can also identify them by the fact that they do not relate strictly to historical or current facts. These statements reflect our current plans and expectations and are based on information currently available to us. 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.

We wish 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 our other Securities and Exchange Commission filings, could affect our actual results and could cause such results to vary materially from those expressed in any forward-looking statements made by, or on behalf of, us:

- our ability to successfully manage changes to our organizational structure and/or business processes, including our selling, distribution, manufacturing and information management systems or processes;
- our ability to realize projected cost savings and benefits from our efficiency and/or restructuring initiatives;
- the impact of strong competitive response to our efforts to leverage our brand power with product innovation, promotional programs and new advertising;
- changes in consumer demand for our products and favorable perception of our brands;
- product quality and safety issues, including recalls and product liabilities;
- the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies;
- a changing customer landscape, including inventory management practices, and increased significance of certain of our key customers;
- disruptions to our supply chain, including fluctuations in the supply of and inflation in energy and raw and packaging materials cost;
- the impact of non-U.S. operations, including export and import restrictions, public corruption and compliance with foreign laws and regulations;
- the ability to complete and integrate acquisitions, divestitures and other business portfolio changes;
- the uncertainties of litigation and regulatory actions against us;
- the possible disruption to the independent contractor distribution models used by certain of our businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification;
- our ability to protect our intellectual property rights;
- impairment to goodwill or other intangible assets;
- increased liabilities and costs related to our defined benefit pension plans;
- a material failure in or breach of our information technology systems;
- our ability to attract and retain key personnel;
- changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; and
- unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters or other calamities.

This discussion of uncertainties is by no means exhaustive but is designed to highlight important factors that may impact our outlook. We disclaim any obligation or intent to update forward-looking statements made by us 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)

	2016 52 weeks	2015 52 weeks	2014 53 weeks
Net sales	$7,961	$8,082	$8,268
Costs and expenses			
Cost of products sold	5,181	5,300	5,297
Marketing and selling expenses	893	884	929
Administrative expenses	641	601	576
Research and development expenses	124	117	122
Other expenses / (income)	131	24	22
Restructuring charges	31	102	55
Total costs and expenses	7,001	7,028	7,001
Earnings before interest and taxes	960	1,054	1,267
Interest expense	115	108	122
Interest income	4	3	3
Earnings before taxes	849	949	1,148
Taxes on earnings	286	283	374
Earnings from continuing operations	563	666	774
Earnings from discontinued operations	—	—	81
Net earnings	563	666	855
Less: Net earnings (loss) attributable to noncontrolling interests	—	—	(11)
Net earnings attributable to Campbell Soup Company	$563	$666	$866
Per Share — Basic			
Earnings from continuing operations attributable to Campbell Soup Company	$1.82	$2.13	$2.50
Earnings from discontinued operations	—	—	.26
Net earnings attributable to Campbell Soup Company	$1.82	$2.13	$2.76
Weighted average shares outstanding — basic	309	312	314
Per Share — Assuming Dilution			
Earnings from continuing operations attributable to Campbell Soup Company	$1.81	$2.13	$2.48
Earnings from discontinued operations	—	—	.26
Net earnings attributable to Campbell Soup Company	$1.81	$2.13	$2.74
Weighted average shares outstanding — assuming dilution	311	313	316

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Comprehensive Income
(millions)

	2016			2015			2014		
	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			$ 563			$ 666			$ 855
Other comprehensive income (loss):									
Foreign currency translation:									
Foreign currency translation adjustments	$45	$ —	45	$(312)	$ 1	(311)	$(5)	$ (1)	(6)
Reclassification of currency translation adjustments realized upon disposal of business	—	—	—	—	—	—	(22)	3	(19)
Cash-flow hedges:									
Unrealized gains (losses) arising during period	(45)	16	(29)	(5)	3	(2)	(12)	4	(8)
Reclassification adjustment for (gains) losses included in net earnings	(9)	2	(7)	(1)	1	—	—	—	—
Pension and other postretirement benefits:									
Prior service credit arising during the period	93	(34)	59	—	—	—	—	—	—
Reclassification of prior service credit included in net earnings	(1)	—	(1)	(2)	1	(1)	(2)	1	(1)
Other comprehensive income (loss)	$83	$ (16)	67	$(320)	$ 6	(314)	$(41)	$ 7	(34)
Total comprehensive income (loss)			$ 630			$ 352			$ 821
Total comprehensive income (loss) attributable to noncontrolling interests			3			(1)			(10)
Total comprehensive income (loss) attributable to Campbell Soup Company			$ 627			$ 353			$ 831

See accompanying Notes to Consolidated Financial Statements.

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

	July 31, 2016	August 2, 2015
Current assets		
Cash and cash equivalents	$296	$ 253
Accounts receivable, net	626	647
Inventories	940	995
Other current assets	46	198
Total current assets	1,908	2,093
Plant assets, net of depreciation	2,407	2,347
Goodwill	2,263	2,344
Other intangible assets, net of amortization	1,152	1,205
Other assets ($34 and $0 attributable to variable interest entity)	107	88
Total assets	$7,837	$ 8,077
Current liabilities		
Short-term borrowings	$1,219	$ 1,543
Payable to suppliers and others	610	544
Accrued liabilities	604	589
Dividend payable	100	101
Accrued income taxes	22	29
Total current liabilities	2,555	2,806
Long-term debt	2,314	2,539
Deferred taxes	396	505
Other liabilities	1,039	850
Total liabilities	6,304	6,700
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	354	339
Earnings retained in the business	1,927	1,754
Capital stock in treasury, at cost	(664)	(556)
Accumulated other comprehensive loss	(104)	(168)
Total Campbell Soup Company shareholders' equity	1,525	1,381
Noncontrolling interests	8	(4)
Total equity	1,533	1,377
Total liabilities and equity	$7,837	$ 8,077

See accompanying Notes to Consolidated Financial Statements.

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CAMPBELL SOUP COMPANY
Consolidated Statements of Cash Flows
(millions)

	2016 52 weeks	2015 52 weeks	2014 53 weeks
Cash flows from operating activities:			
Net earnings	$563	$666	$855
Adjustments to reconcile net earnings to operating cash flow			
Impairment charges	141	6	—
Restructuring charges	31	102	55
Stock-based compensation	64	57	57
Pension and postretirement benefit expense	317	118	58
Depreciation and amortization	308	303	305
Deferred income taxes	(30)	(49)	38
Gain on sale of business	—	—	(141)
Other, net	6	15	9
Changes in working capital, net of acquisitions			
Accounts receivable	24	12	(38)
Inventories	59	(18)	(80)
Prepaid assets	9	10	(22)
Accounts payable and accrued liabilities	(13)	6	(93)
Pension fund contributions	(2)	(5)	(47)
Receipts from (payments of) hedging activities	44	11	(4)
Other	(58)	(52)	(53)
Net cash provided by operating activities	1,463	1,182	899
Cash flows from investing activities:			
Purchases of plant assets	(341)	(380)	(347)
Sales of plant assets	5	15	22
Businesses acquired, net of cash acquired	—	(232)	(329)
Sale of business, net of cash divested	—	—	520
Other, net	(18)	(6)	—
Net cash used in investing activities	(354)	(603)	(134)
Cash flows from financing activities:			
Net short-term borrowings (repayments)	(762)	100	208
Long-term borrowings (repayments)	215	300	(2)
Repayments of notes payable	—	(309)	(700)
Dividends paid	(390)	(394)	(391)
Treasury stock purchases	(143)	(244)	(76)
Treasury stock issuances	2	9	18
Excess tax benefits on stock-based compensation	7	6	13
Contributions from noncontrolling interest	—	9	5
Other, net	—	(3)	—
Net cash used in financing activities	(1,071)	(526)	(925)
Effect of exchange rate changes on cash	5	(32)	(9)
Net change in cash and cash equivalents	43	21	(169)

Cash and cash equivalents continuing operations — beginning of period	253	232	333
Cash and cash equivalents discontinued operations — beginning of period	—	—	68
Cash and cash equivalents discontinued operations — end of period	—	—	—
Cash and cash equivalents continuing operations — end of period	$ 296	$ 253	$ 232

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								
	Issued		In Treasury		Additional Paid-in Capital	Earnings Retained in the Business	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount					
Balance at July 28, 2013	323	$ 12	(11)	$ (364)	$ 362	$ 1,009	$ 180	$ (7)	$ 1,192
Contribution from noncontrolling interest								5	5
Net earnings (loss)						866		(11)	855
Other comprehensive income (loss)							(35)	1	(34)
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	1,483	145	(12)	1,602
Contribution from noncontrolling interest								9	9
Net earnings (loss)									