

**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
July 31, 2022**

**Commission File Number
1-3822**



CAMPBELL SOUP COMPANY

New Jersey
State of Incorporation

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

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

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Capital Stock, par value \$.0375	CPB	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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

Based on the closing price on the New York Stock Exchange on January 28, 2022 (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 \$8,597,234,004. There were 299,364,411 shares of capital stock outstanding as of September 14, 2022.

Portions of the Registrant's Proxy Statement for the 2022 Annual Meeting of Shareholders are incorporated by reference into Part III.

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PART I

This Report contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current expectations regarding our future results of operations, economic performance, financial condition and achievements. These forward-looking statements can be identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "pursue," "strategy," "target," "will" and similar expressions. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts, and may reflect anticipated cost savings or implementation of our strategic plan. These statements reflect our current plans and expectations and are based on information currently available to us. They rely on several 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" in this Report. 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.

Business Divestitures

We completed the sale of our Kelsen business on September 23, 2019. On December 23, 2019, we completed the sale of our Arnott's business and certain other international operations, including the simple meals and shelf-stable beverages businesses in Australia and Asia Pacific (the Arnott's and other international operations). In addition, on October 11, 2019, we completed the sale of our European chips business.

We used the net proceeds from the sales to reduce debt as described below in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

Beginning in the fourth quarter of 2019, we have reflected the results of operations of our Kelsen business and the Arnott's and other international operations (collectively referred to as Campbell International) as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Snacks reportable segment. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment.

In the fourth quarter of 2021, we completed the sale of our Plum baby food and snacks business. The results of the Plum baby food and snacks business through the date of sale were reflected in continuing operations within the Meals & Beverages reportable segment.

See Note 3 to the Consolidated Financial Statements for additional information on our divestitures.

Reportable Segments

Our reportable segments are:

- Meals & Beverages, which consists of our soup, simple meals and beverages products in retail and foodservice in the U.S. and Canada. The segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Pacific Foods* broth, soups and non-dairy beverages; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; *V8* juices and beverages; and *Campbell's* tomato juice. The segment also includes snacking products in foodservice and Canada. The segment included the results of our Plum baby food and snacks business, which was sold on May 3, 2021; and
- Snacks, which consists of *Pepperidge Farm* cookies*, crackers, fresh bakery and frozen products, including *Goldfish* crackers*, *Snyder's of Hanover* pretzels*, *Lance* sandwich crackers*, *Cape Cod* potato chips*, *Kettle Brand* potato chips*, *Late July* snacks*, *Snack Factory* pretzel crisps*, *Pop Secret* popcorn, *Emerald* nuts, and other snacking products in retail in the U.S. Beginning in 2022, we refer to the * brands as our "power brands." The segment includes the retail business in Latin America. The segment also included the results of our European chips business, which was sold on October 11, 2019.

Beginning in 2022, the foodservice and Canadian business formerly included in our Snacks segment is now managed as part of the Meals & Beverages segment. Segment results have been adjusted retrospectively to reflect this change. See Note 6 to

the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information regarding our reportable segments.

Ingredients and Packaging

The ingredients and packaging materials required for the manufacture of our food and beverage products are purchased from various suppliers, substantially all of which are located in North America. During 2022, we experienced significantly elevated commodity and supply chain costs including the costs of labor, raw materials, energy, fuel, packaging materials and other inputs necessary for the production and distribution of our products. In addition, many of these items are subject to price fluctuations from a number of factors, including but not limited to climate change, changes in crop size, cattle cycles, herd and flock disease, crop disease, crop pests, product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, supplier capacities, government-sponsored agricultural programs and other government policy, import and export requirements (including tariffs), drought and excessive rain, temperature extremes and other adverse weather events, water scarcity, scarcity of suitable agricultural land, scarcity of organic ingredients, pandemic illness (such as the COVID-19 pandemic), armed hostilities (including the ongoing conflict between Russia and Ukraine) and other factors that may be beyond our control. 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 generally 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. Although we are unable to predict the impact of our ability to source these ingredients and packaging materials in the future, we expect these supply pressures to continue throughout 2023. We also expect the pressures of input cost inflation to continue into 2023.

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. Our products are generally resold to consumers through retail food chains, mass discounters, mass merchandisers, club stores, convenience stores, drug stores, dollar stores, e-commerce and other retail, commercial and non-commercial establishments. Our Snacks segment has a direct-store-delivery distribution model that uses independent contractor distributors.

Our five largest customers accounted for approximately 47% of our consolidated net sales from continuing operations in 2022, 46% in 2021 and 44% in 2020. Our largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 22% of our consolidated net sales from continuing operations in 2022 and 21% in 2021 and 2020. Both 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, 2022, we owned over 2,800 trademark registrations and applications in over 150 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 *Campbell's*, *Cape Cod*, *Chunky*, *Emerald*, *Goldfish*, *Kettle Brand*, *Lance*, *Late July*, *Milano*, *Pace*, *Pacific Foods*, *Pepperidge Farm*, *Pop Secret*, *Prego*, *Snack Factory*, *Snyder's of Hanover*, *Spaghettios*, *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 operate in a highly competitive industry and experience competition in all of our categories. This competition arises from numerous competitors of varying sizes across multiple food and beverage categories, and includes producers of private label products, as well as other branded food and beverage manufacturers. Private label products are generally sold at lower prices than branded products. Competitors market and sell their products through traditional retailers and e-commerce. All of these competitors vie for trade merchandising support and consumer dollars. The number of competitors cannot be reliably estimated. Our principal areas of competition are brand recognition, taste, nutritional value, price, promotion, innovation, shelf space and customer service.

Capital Expenditures

During 2022, our aggregate capital expenditures were \$242 million. We expect to spend approximately \$325 million for capital projects in 2023. Major capital projects based on planned spend in 2023 include a cracker capacity expansion for our Snacks business and a new manufacturing line for our Meals & Beverages business.

Government 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, the Department of Agriculture, the Federal Trade Commission, the Department of Labor, the Department of Commerce, the Occupational Safety and Health Administration and the Environmental Protection Agency, as well as various state and local agencies. Our business is also regulated by similar agencies outside of the U.S. Additionally, we are subject to data privacy and security regulations, tax and securities regulations, accounting and reporting standards, and other financial laws and regulations. We believe that we are in compliance with current laws and regulations in all material respects and do not expect that continued compliance with such laws and regulations will have a material effect on capital expenditures, earnings or our competitive position.

Environmental Matters

We have requirements for the operation and design of our facilities that meet or exceed applicable environmental rules and regulations. Of our \$242 million in capital expenditures made during 2022, approximately \$9 million were for compliance with environmental laws and regulations in the U.S. We further estimate that approximately \$13 million of the capital expenditures anticipated during 2023 will be for compliance with U.S. environmental laws and regulations. We believe that the 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. Demand for our other products is generally evenly distributed throughout the year.

Human Capital Management

A core pillar of our strategic plan is to build a winning team and culture. To do this, we are committed to building a company where everyone can be real, and feel safe, valued and supported to do their best work. We believe that our employees are the driving force behind our success and prioritize attracting, developing and retaining diverse, world-class talent and creating an inclusive culture that embodies our purpose: *Connecting people through food they love*. On July 31, 2022, we had approximately 14,700 employees.

Training, Development and Engagement

We invest in our employees through training and development programs. We have partnered with leading online content experts and have recently increased internal learning development to expand our catalog of courses and support our culture of continuous learning. A suite of training and education programs are available to employees ranging from role-specific training to education on soft skills to assist them with enhancing their careers through continuous learning. Through objective-setting, individual development plans, learning opportunities, feedback and coaching, employees are encouraged to continue their professional growth. Our education programs allow employees to focus on timely and topical development areas including leadership, management excellence, functional capabilities and inclusion and diversity. We communicate frequently and transparently with our employees through regular company-wide and business unit check-ins, and we conduct employee engagement surveys that provide our employees with an opportunity to share anonymous feedback with management in a variety of areas including confidence in leadership, growth and career opportunities, available resources, compensation and overall engagement. These surveys allow our leaders to develop action plans for their business units as well as the broader organization.

Our Campbell Employee Experience Framework enhances the foundational moments that are key to an employee's career at our company - from the candidate experience and onboarding through career advancement - to help our employees thrive at work, with the goal of building an inclusive, engaging and high-performing culture.

Inclusion and Diversity

We believe that having an inclusive and diverse culture strengthens our ability to recruit and develop talent and allows all employees to thrive and succeed. Diversity of input and perspectives is an essential part of our strategic plan to build a winning team and culture, and we believe one key to success is attracting and retaining a diverse workforce that reflects our consumers of today and tomorrow. Our commitment to inclusion and diversity ("I&D") is based on three guiding pillars:

- Capabilities - providing resources and tools to employees to build capabilities to build a winning team and culture and to drive systemic change;
- Advocacy - strengthening ally networks by supporting our employees, our partners and the communities where we live and work; and

- Accountability - having individual, management and organizational accountability and transparency about our progress on building an inclusive culture.

We also continue to provide I&D learning experiences and foster employee resource groups to highlight issues that impact underrepresented communities. Throughout 2022 the board of directors (Board) received regular updates from management on our inclusion and diversity efforts.

Wellness and Safety

Our employees' health, safety and well-being are our top priorities. We have maintained an unwavering commitment to supporting the health and well-being of our employees during the COVID-19 pandemic and we implemented an enterprise-wide response to ensure safety. We have implemented safety and sanitation measures to help ensure employees' health and well-being, embraced remote work for those who were able, and introduced enhanced sanitation, mask use and other protective equipment protocols and social distancing measures for our front-line employees.

In addition, our Resources for Living program provides information, education tools and resources to help support our employees' physical, financial, social and emotional well-being. As part of this focus on well-being, we emphasize the need for our employees to embrace healthy lifestyles and we offer a variety of wellness education opportunities for our employees. We continue to modernize our workspaces and in 2022 announced a hybrid work policy to allow office-based employees to work remotely several days per week.

Total Rewards

We provide market-based competitive compensation through our salary, annual incentive and long-term incentive programs, and a robust benefits package that promotes the overall well-being of our employees. We provide a variety of resources and services to help our employees plan for retirement and provide a 401(k) plan with immediate vesting. We benchmark and establish compensation structures based on competitive market data. Individual pay is based on various factors such as an employee's role, experience, job location and contributions. Performance discussions for salaried employees are conducted throughout the year to assess contributions and inform individual development plans. We have enhanced our focus on the employee experience by highlighting key moments in the employment life-cycle and providing enhanced communications about our comprehensive offerings.

Websites

Our primary corporate website can be found at www.campbellsoupcompany.com. We make available free of charge at the Investor portion of this website (under the "About Us—Investors—Financials—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 reports 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. Although the risks are organized and described separately, many of the risks are interrelated. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and financial condition.

Business and Operational Risks

We may not be able to increase prices to fully offset inflationary pressures on costs, such as raw and packaging materials, labor and distribution costs

As a manufacturer of food and beverage products, we rely on plant labor, distribution resources and raw and packaging materials including tomato paste, grains, beef, poultry, dairy, vegetable oil, wheat, potatoes and other vegetables, steel, aluminum, glass, paper and resin. During 2022, we experienced significantly elevated commodity and supply chain costs including the costs of labor, raw materials, energy, fuel, packaging materials and other inputs necessary for the production and distribution of our products, and we expect elevated levels of inflation to continue in 2023. In addition, many of these materials are subject to price fluctuations from a number of factors, including but not limited to changes in crop size, cattle cycles, herd and flock disease, crop disease, crop pests, product scarcity, demand for raw materials, commodity market speculation, energy costs, currency fluctuations, supplier capacities, government-sponsored agricultural programs and other government policy, import and export requirements (including tariffs), drought and excessive rain, temperature extremes and other adverse weather events, water scarcity, scarcity of suitable agricultural land, scarcity of organic ingredients, pandemic illness (such as the

COVID-19 pandemic), armed hostilities (including the ongoing conflict between Russia and Ukraine) and other factors that may be beyond our control.

We try to mitigate some or all cost increases 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. Consumers may be less willing to pay a price differential for our branded products and may increasingly purchase lower-priced offerings, or may forego some purchases altogether, during an economic downturn or times of increased inflationary pressure. To the extent that price increases or packaging size decreases are not sufficient to offset these increased costs adequately or in a timely manner, and/or if they result in significant decreases in sales volume, our business results and financial condition may be adversely affected. Furthermore, we may not be able to fully offset any cost increases through productivity initiatives or through our commodity hedging activity.

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, warehousing or distribution capabilities, or to the capabilities of our suppliers, contract manufacturers, logistics service providers or independent distributors. This damage or disruption could result from execution issues, as well as factors that are hard to predict or beyond our control such as increased temperatures due to climate change, water stress, extreme weather events, natural disasters, product or raw material scarcity, fire, terrorism, pandemics (such as the COVID-19 pandemic), armed hostilities (including the ongoing conflict between Russia and Ukraine), strikes, labor shortages, cybersecurity breaches, government shutdowns, disruptions in logistics, supplier capacity constraints or other events. Commodity prices continue to be volatile and generally increased due to the COVID-19 pandemic, supply chain disruptions and labor and transportation shortages. Production of the agricultural commodities used in our business may also be adversely affected by drought and excessive rain, temperature extremes and other adverse weather events, water scarcity, scarcity of suitable agricultural land, scarcity of organic ingredients, crop size, cattle cycles, herd and flock disease, crop disease and 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, contract manufacturers, logistics service providers or independent distributors, 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.

We have experienced temporary workforce disruptions in our supply chain as a result of the COVID-19 pandemic. We have implemented employee safety measures, which exceed guidance from the Centers for Disease Control and Prevention and World Health Organization, across all our supply chain facilities. Even with these measures, and the availability of vaccines, given the emergence and spread of COVID-19 variants, there is continued risk that COVID-19 may spread through our workforce. Illness, labor shortages, absenteeism, or other workforce disruptions could negatively affect our supply chain, manufacturing, distribution, or other business processes. We may face additional production disruptions in the future, which may place constraints on our ability to produce products in a timely manner or may increase our costs.

Short-term or sustained increases in consumer demand at our retail customers may exceed our production capacity or otherwise strain our supply chain. Our failure to meet the demand for our products could adversely affect our business and results of operations.

The COVID-19 pandemic and related ongoing implications could adversely impact our business and results of operations

The COVID-19 pandemic has had, and could continue to have, a negative impact on financial markets, economic conditions, and portions of our industry as a result of changes in consumer behavior, retailer inventory levels, cost inflation, manufacturing and supply chain disruption, vaccination rates and effectiveness, and overall macroeconomic conditions. Although our business has benefited from increased at-home consumption due to COVID-19, our ability to sustain heightened sales is dependent on consumer purchasing behavior. The continued availability and effectiveness of vaccines may partially mitigate the risks around the continued spread of COVID-19, however, with the spread of the COVID-19 variants, the ongoing implications of the COVID-19 pandemic could adversely impact our business and results of operations in a number of ways, including but not limited to:

- a shutdown of one or more of our manufacturing, warehousing or distribution facilities, or disruption in our supply chain, including but not limited to, as a result of illness, labor shortages, government restrictions or other workforce disruptions;
- the failure of third parties on which we rely, including but not limited to, those that supply our packaging, ingredients, equipment and other necessary operating materials, co-manufacturers and independent contractors, to meet their obligations to us, or significant disruptions in their ability to do so;

- a strain on our supply chain, which could result from short-term or sustained changes and volatility in consumer purchasing and consumption patterns that increase demand at our retail customers and exceed our production capacity for our products;
- continued volatility in commodity and other input costs, which may not be sufficiently offset by our commodity hedging activities;
- a disruption to our distribution capabilities or to our distribution channels, including those of our suppliers, contract manufacturers, logistics service providers or independent distributors;
- new or escalated government or regulatory responses in markets where we manufacture, sell or distribute our products, or in the markets of third parties on which we rely, could prevent or disrupt our business operations;
- a significant portion of our workforce, including our management team, could become unable to work as a result of illness, or the attention of our management team could be diverted if key employees become ill and become unable to work;
- a change in demand for or availability of our products as a result of retailers, distributors, or carriers modifying their inventory, fulfillment or shipping practices;
- an inability to effectively modify our trade promotion and advertising activities to reflect changing consumer shopping habits due to, among other things, reduced in-store visits and travel restrictions;
- a shift in consumer spending during periods of economic uncertainty or inflation could result in consumers moving to private label or lower price products; and
- additional business disruptions and uncertainties related to the COVID-19 pandemic could result in additional delays or modifications to our strategic plans and other initiatives.

These and other impacts of the COVID-19 pandemic could also have the effect of heightening many of the other risk factors included in this Item 1A. The ultimate impact depends on the severity and duration of the COVID-19 pandemic, including the emergence and spread of COVID-19 variants, the continued availability and effectiveness of vaccines and actions taken by governmental authorities and other third parties in response to the pandemic, each of which is uncertain, rapidly changing and difficult to predict. Any of these disruptions could adversely impact our business and results of operations.

Our results of operations can be adversely affected by labor shortages, turnover and labor cost increases

Labor is a primary component of operating our business. A number of factors may adversely affect the labor force available to us or increase labor costs, including high employment levels, federal unemployment subsidies, and other government regulations. During 2022, we observed an overall tightening and increasingly competitive labor market. A sustained labor shortage or increased turnover rates within our employee base, caused by the continued spread of COVID-19 or as a result of general macroeconomic factors, could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees, and could negatively affect our ability to efficiently operate our manufacturing and distribution facilities and overall business. If we are unable to hire and retain employees capable of performing at a high-level, or if mitigation measures we may take to respond to a decrease in labor availability, such as overtime and third-party outsourcing, have unintended negative effects, our business could be adversely affected. In addition, we distribute our products and receive raw materials primarily by truck. Reduced availability of trucking capacity due to shortages of drivers has caused an increase in the cost of transportation for us and our suppliers. An overall labor shortage, lack of skilled labor, increased turnover or labor inflation, caused by COVID-19 or as a result of general macroeconomic factors, could have a material adverse impact on the company's operations, results of operations, liquidity or cash flows.

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 trademark, patent, copyright and trade secret protection, contractual agreements and policing of third-party misuses of our intellectual property. Our failure to obtain or adequately protect 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.

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 primarily based 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 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 a disruption, failure or security breach 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 our data, communications and business processes, including our marketing, sales, manufacturing, procurement, logistics, customer service, accounting and administrative functions and the importance of such networks and systems has increased due to an increase in our employees working remotely. If we do not obtain and effectively manage the resources and materials necessary to build, sustain and protect appropriate information technology systems, our business or financial results could be adversely impacted. Furthermore, our information technology systems are subject to attack or other security breaches (including the access to or acquisition of customer, consumer, employee or other confidential information), service disruptions or other system failures. If we are unable to prevent or adequately respond to and resolve these breaches, disruptions or failures, our operations may be impacted, and we may suffer other adverse consequences such as reputational damage, litigation, remediation costs, ransomware payments and/or penalties under various data protection laws and regulations.

To address the risks to our information technology systems and the associated costs, we maintain an information security program that includes updating technology and security policies, cyber insurance, employee awareness training, and monitoring and routine testing of our information technology systems. We believe that these preventative actions provide adequate measures of protection against security breaches and generally reduce our cybersecurity risks, however, cyber threats are constantly evolving, are becoming more frequent and more sophisticated and are being made by groups of individuals with a wide range of expertise and motives, which increases the difficulty of detecting and successfully defending against them. Additionally, continued geopolitical turmoil, including the ongoing conflict between Russia and Ukraine, has heightened the risk of cyberattacks. We have experienced threats to our data and systems and although we have not experienced a material incident to date, there can be no assurance that these measures will prevent or limit the impact of a future incident. We may incur significant costs in protecting against or remediating cyberattacks or other cyber incidents.

In addition, in the event our suppliers or customers experience a breach or system failure, their businesses could be disrupted or otherwise negatively affected, which may result in a disruption in our supply chain or reduced customer orders, which would adversely affect our business and financial results. We have also outsourced several information technology support services and administrative functions to third-party service providers, and may outsource other functions in the future to achieve cost savings and efficiencies. Our information security program includes capabilities designed to evaluate and mitigate cyber risks arising from third-party service providers. We believe that these capabilities provide insights and visibility to the security posture of our third-party service providers, however, cyber threats to those organizations are beyond our control. If these service providers do not perform effectively due to breach or system failure, we may not be able to achieve the expected benefits and our business may be disrupted.

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 also 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.

If we do not fully realize the expected cost savings and/or operating efficiencies associated with our strategic initiatives, our profitability could suffer

Our future success and earnings growth depend in part on our ability to achieve the appropriate cost structure and operate efficiently in the highly competitive food industry, particularly in an environment of volatile cost inputs. We continuously

pursue initiatives to reduce costs and increase effectiveness. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Restructuring Charges and Cost Savings Initiatives" for additional information on these initiatives. We also regularly pursue cost productivity initiatives in procurement, manufacturing and logistics. Any failure or delay in implementing our initiatives in accordance with our plans could adversely affect our ability to meet our long-term growth and profitability expectations and could adversely affect our business. If we do not continue to effectively manage costs and achieve additional efficiencies, our competitiveness and our profitability could decrease.

Our results may be adversely affected by our inability to complete or realize the projected benefits of acquisitions, divestitures and other strategic transactions

We have historically made strategic acquisitions of brands and businesses and we may undertake additional acquisitions or other strategic transactions in the future. Our ability to meet our objectives with respect to acquisitions and other strategic transactions may depend in part on our ability to identify suitable counterparties, negotiate favorable financial and other contractual terms, obtain all necessary regulatory approvals on the terms expected and complete those transactions. Potential risks also include:

- the inability to integrate acquired businesses into our existing operations in a timely and cost-efficient manner, including implementation of enterprise-resource planning systems;
- diversion of management's attention from other business concerns;
- potential loss of key employees, suppliers and/or customers of acquired businesses;
- assumption of unknown risks and liabilities;
- the inability to achieve anticipated benefits, including revenues or other operating results;
- operating costs of acquired businesses may be greater than expected;
- the inability to promptly implement an effective control environment; and
- the risks inherent in entering markets or lines of business with which we have limited or no prior experience.

In addition, we have previously made strategic divestitures and may do so in the future. Any businesses we decide to divest in the future may depend in part on our ability to identify suitable buyers, negotiate favorable financial and other contractual terms and obtain all necessary regulatory approvals on the terms expected. Potential risks of divestitures may also include:

- diversion of management's attention from other business concerns;
- loss of key suppliers and/or customers of divested businesses;
- the inability to separate divested businesses or business units effectively and efficiently from our existing business operations; and
- the inability to reduce or eliminate associated overhead costs.

If we are unable to complete or realize the projected benefits of future acquisitions, divestitures or other strategic transactions, our business or financial results may be adversely impacted.

Competitive and Industry Risks

We face significant competition in all our product categories, which may result in lower sales and margins

We operate in the highly competitive food and beverage industry mainly in the North American market and experience competition in all of our categories. The principal areas of competition are brand recognition, taste, nutritional value, price, promotion, innovation, shelf space and customer service. A number of our primary competitors are larger than us and have substantial financial, marketing and other resources, and some of our competitors may spend more aggressively on advertising and promotional activities than we do. In addition, reduced barriers to entry and easier access to funding are creating new competition. A strong competitive response from one or more of these competitors to our marketplace efforts, or a continued shift towards private label offerings, particularly during periods of economic uncertainty or significant inflation, could result in us reducing prices, increasing marketing or other expenditures, and/or losing market share, each of which may result in lower sales and margins.

Our ability to compete also depends upon our ability to predict, identify, and interpret the tastes and dietary habits of consumers and to offer products that appeal to those preferences. There are inherent marketplace risks associated with new product or packaging introductions, including uncertainties about trade and consumer acceptance. If we do not succeed in offering products that consumers want to buy, our sales and market share will decrease, resulting in reduced profitability. If we are unable to accurately predict which shifts in consumer preferences will be long-lasting, or are unable to introduce new and improved products to satisfy those preferences, our sales will decline. Weak economic conditions, recessions, significant inflation and other factors, such as pandemics, could effect consumer preferences and demand. In addition, given the variety of backgrounds and identities of consumers in our consumer base, we must offer a sufficient array of products to satisfy the broad spectrum of consumer preferences. As such, we must be successful in developing innovative products across a multitude of product categories. In addition, the COVID-19 pandemic has altered, and in some cases, delayed product innovation efforts. Finally, if we fail to rapidly develop products in faster-growing and more profitable categories, we could experience reduced demand for our products, or fail to expand margins.

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, which has experienced slower growth than other retail channels, such as dollar stores, drug stores, club stores and e-commerce retailers. We expect this trend away from traditional retail grocery to alternate channels to continue in the future. These alternative retail channels may also create consumer price deflation, affecting our retail customer relationships and presenting additional challenges to increasing prices in response to commodity or other cost increases. In addition, retailers with increased buying power and negotiating strength are seeking more favorable terms, including increased promotional programs and customized products funded by their suppliers. These customers may also use more of their shelf space for their private label products, which are generally sold at lower prices than branded products. If we are unable to use our scale, marketing, product innovation and category leadership positions to respond to these customer dynamics, our business or financial results could be adversely impacted.

In 2022, our five largest customers accounted for approximately 47% of our consolidated net sales from continuing operations, with the largest customer, Wal-Mart Stores, Inc. and its affiliates, accounting for approximately 22% of our consolidated net sales from continuing operations. 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.

Financial and Economic Risks

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, 2022, we had goodwill of \$3.979 billion and other indefinite-lived intangible assets of \$2.549 billion. Goodwill and indefinite-lived intangible assets are initially recorded at fair value and not amortized, but are tested for impairment at least annually in the fourth quarter 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 the reporting unit or indefinite-lived intangible assets exceed their fair value, the goodwill or indefinite-lived intangible assets are considered impaired. 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. If current expectations for growth rates for sales and profits are not met, or other market factors and macroeconomic conditions that could be affected by the COVID-19 pandemic or otherwise were to change, we may be required in the future to record impairment of the carrying value of goodwill or other indefinite-lived intangible assets, which could adversely affect our financial results and net worth.

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 certain employees in the U.S. and certain 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, future funding requirements, or net periodic benefit costs could have a material adverse effect on our financial results.

We face risks related to heightened inflation, 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. For instance in 2022, the U.S. experienced significantly heightened inflationary pressures which we expect to continue into 2023. We may not be able to fully mitigate the impact of inflation through price increases, productivity initiatives and cost savings, which could have a material adverse effect on our financial results. In addition, if the U.S. economy enters a recession in 2023, we may experience sales declines and may have to decrease prices, all of which could have a material adverse impact on our financial results.

Similarly, disruptions in financial and/or credit markets may impact our ability to manage normal commercial relationships with our customers, suppliers and creditors and might cause us to not be able to continue to have access to preferred sources of liquidity when needed or on terms we find acceptable, and our borrowing costs could increase. An economic or credit crisis could occur and impair credit availability and our ability to raise capital when needed. A disruption in the financial markets may have a negative effect on our derivative counterparties and could impair our banking or other business partners, on whom we rely for access to capital and as counterparties to our derivative contracts. In addition, changes in tax or interest rates in the U.S. or other nations, whether due to recession, economic disruptions or other reasons, may adversely impact us.

Legal and Regulatory Risks

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

We are a party to a variety of legal and regulatory proceedings and claims arising out of the normal course of business. See Note 18 to the Consolidated Financial Statements for information regarding reportable legal proceedings. 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. In particular, the marketing of food products has come under increased scrutiny in recent years, and the food industry has been subject to an increasing number of proceedings and claims relating to alleged false or deceptive marketing under federal, state and foreign laws or regulations, including claims relating to the presence of heavy metals in food products. Additionally, the independent contractor distribution model, which is used in our Snacks segment, has also come under increased regulatory scrutiny. Our independent contractor distribution model has also been the subject of various class and individual lawsuits in recent years. 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 federal government agencies, including but not limited to the Food and Drug Administration, the Department of Agriculture, the Federal Trade Commission, the Department of Labor, the Department of Commerce, 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.

Governmental and administrative bodies within the U.S. are considering a variety of tax, trade and other regulatory reforms. Trade reforms include tariffs on certain materials used in the manufacture of our products and tariffs on certain finished products. We regularly move data across national and state borders to conduct our operations and, consequently, are subject to a variety of laws and regulations in the U.S. and other jurisdictions regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. There is significant uncertainty with respect to compliance with such privacy and data protection laws and regulations because they are continuously evolving and developing and may be interpreted and applied differently from country to country and state to state and may create inconsistent or conflicting requirements.

Changes in legal or regulatory requirements (such as new food safety requirements and revised regulatory requirements for the labeling of nutrition facts, serving sizes and genetically modified ingredients), 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 and financial results.

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 have in the past and we may, in the future, 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 sickness or 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 that category.

Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business and operations

There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as wheat, tomatoes, potatoes, cashews and almonds. Adverse weather conditions and natural disasters can reduce crop size and crop quality, which in turn could reduce our supplies of raw materials, lower recoveries of usable raw materials, increase the prices of our raw materials, increase our cost of storing and transporting our raw materials, or disrupt production schedules. We may also be subjected to decreased availability or less favorable pricing for water as a result of such change, which could impact our manufacturing and distribution operations. In addition, natural disasters and extreme weather conditions may disrupt the productivity of our facilities or the operation of our supply chain.

There is an increased focus by foreign, federal, state and local regulatory and legislative bodies regarding environmental policies relating to climate change, regulating greenhouse gas emissions, energy policies, and sustainability. Increased compliance costs and expenses due to the impacts of climate change and additional legal or regulatory requirements regarding climate change or designed to reduce or mitigate the effects of carbon dioxide and other greenhouse gas emissions on the environment may cause disruptions in, or an increase in the costs associated with, the running of our manufacturing facilities and our business, as well as increase distribution and supply chain costs. Moreover, compliance with any such legal or regulatory requirements may require us to make significant changes in our business operations and strategy, which will likely require us to devote substantial time and attention to these matters and cause us to incur additional costs. Even if we make changes to align ourselves with such legal or regulatory requirements, we may still be subject to significant penalties or potential litigation if such laws and regulations are interpreted and applied in a manner inconsistent with our practices. The effects of climate change and legal or regulatory initiatives to address climate change could have a long-term adverse impact on our business and results of operations.

Additionally, we might fail to effectively address increased attention from the media, stockholders, activists and other stakeholders on climate change and related environmental sustainability matters. Such failure, or the perception that we have failed to act responsibly regarding climate change, whether or not valid, could result in adverse publicity and negatively affect our business and reputation. Moreover, from time to time we establish and publicly announce goals and commitments, including to reduce our impact on the environment. For example, in 2022, we established science-based targets for Scope 1, 2 and 3 greenhouse gas emissions. Our ability to achieve any stated goal, target or objective is subject to numerous factors and conditions, many of which are outside of our control. Examples of such factors include evolving regulatory requirements affecting sustainability standards or disclosures or imposing different requirements, the pace of changes in technology, the availability of requisite financing and the availability of suppliers that can meet our sustainability and other standards. If we fail to achieve, or are perceived to have failed or been delayed in achieving, or improperly report our progress toward achieving these goals and commitments, it could negatively affect consumer preference for our products or investor confidence in our stock, as well as expose us to enforcement actions and litigation.

Actions of activist shareholders could cause us to incur substantial costs, divert management's attention and resources and have an adverse effect on our business

We were the target of activist shareholder activities in 2019. If a new activist investor purchased our stock, our business could be adversely affected because responding to proxy contests and reacting to other actions by activist shareholders can be costly and time consuming, disruptive to our operations and divert the attention of management and our employees. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist shareholder initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, customers, employees, suppliers and strategic partners, and cause our share price to experience periods of volatility or stagnation.

Our business, financial condition and results of operations could be adversely affected by disruptions in the global economy caused by the ongoing conflict between Russia and Ukraine.

The global economy has been negatively impacted by the military conflict between Russia and Ukraine. Furthermore, governments in the U.S., United Kingdom, and European Union have each imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia. Although we have no operations in Russia or

Ukraine, we have experienced shortages in materials and increased costs for transportation, energy, and raw material due in part to the negative impact of the Russia-Ukraine military conflict on the global economy. The scope and duration of the military conflict in Ukraine is uncertain, rapidly changing and hard to predict. Further escalation of geopolitical tensions related to the military conflict, including increased trade barriers or restrictions on global trade, could result in, among other things, cyberattacks, supply disruptions, lower consumer demand, and changes to foreign exchange rates and financial markets, any of which may adversely affect our business and supply chain.

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 reportable segment that primarily uses each of the facilities:

Inside the U.S.

Arizona	Massachusetts	Pennsylvania
Goodyear (S)	Hyannis (S)	Denver (S)
California	North Carolina	Downingtown (S)
Dixon (MB)	Charlotte (S)	Hanover (S)
Stockton (MB)	Maxton (MB)	Texas
Connecticut	Ohio	Paris (MB)
Bloomfield (S)	Ashland (S)	Utah
Florida	Napoleon (MB)	Richmond (S)
Lakeland (S)	Willard (S)	Wisconsin
Illinois	Oregon	Beloit (S)
Downers Grove (S)	Salem (S)	Franklin (S)
Indiana	Tualatin (MB)	Milwaukee (MB)
Jeffersonville (S)		

MB - Meals & Beverages

S - Snacks

Each of the foregoing manufacturing facilities is company-owned, except the Tualatin, Oregon facility, which is leased. We also maintain principal business unit offices in Charlotte, North Carolina; Doral, Florida; Hanover, Pennsylvania; Norwalk, Connecticut; Tualatin, Oregon; and Mississauga, Canada.

We also own and lease distribution centers across the U.S. We believe that our manufacturing and processing plants and distribution centers 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

Information regarding reportable legal proceedings is contained in Note 18 to the Consolidated Financial Statements and incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

Information about our Executive Officers

The section below provides information regarding our executive officers as of September 14, 2022:

<u>Name, Present Title & Business Experience</u>	<u>Age</u>	<u>Year First Appointed Executive Officer</u>
Mick J. Beekhuizen, Executive Vice President and Chief Financial Officer. Executive Vice President and Chief Financial Officer, Chobani LLC (2016-2019). Executive Vice President and Chief Financial Officer, Education Management Corporation (2013-2016).	46	2020
Adam G. Ciongoli, Executive Vice President, General Counsel and Chief Sustainability, Corporate Responsibility and Governance Officer. Executive Vice President and General Counsel, Lincoln Financial Group (2012-2015).	54	2015
Mark A. Clouse, President and Chief Executive Officer. Chief Executive Officer, Pinnacle Foods, Inc. (2016-2018). Chief Commercial Officer (2016) and Executive Vice President and Chief Growth Officer (2014-2016), Mondelez International, Inc.	54	2019
Christopher D. Foley, Executive Vice President and President, Meals & Beverages. We have employed Mr. Foley in an executive or managerial capacity for at least five years.	50	2019
Diane Johnson May, Executive Vice President and Chief Human Resources Officer. Senior Vice President, People and Culture, Manpower Group (2020-2021). Executive Vice President, Chief Human Resources Officer, Brookdale Senior Living (2019-2020). Managing Vice President, The Deli Source, Inc. (2017-2019).	64	2022
Valerie J. Oswalt, Executive Vice President and President, Snacks. Chief Executive Officer, Century Snacks (2018-2020). President, Mondelez North America Confections (2017-2018). President, Mondelez North America Sales (2015-2017).	49	2020
Daniel L. Poland, Executive Vice President and Chief Supply Chain Officer. Chief Operating Officer, KIND Snacks (2019-2021). Executive Vice President and Chief Supply Chain Officer, Pinnacle Foods, Inc. (2018-2019). Chief Supply Chain Officer - North American Operations, Danone (2016-2017).	59	2022
Anthony J. Sanzio, Executive Vice President and Chief Communications Officer. We have employed Mr. Sanzio in an executive or managerial capacity for at least five years.	55	2022
Craig S. Slavtcheff, Executive Vice President, Chief R&D and Innovation Officer. We have employed Mr. Slavtcheff in an executive or managerial capacity for at least five years.	55	2019

PART II

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

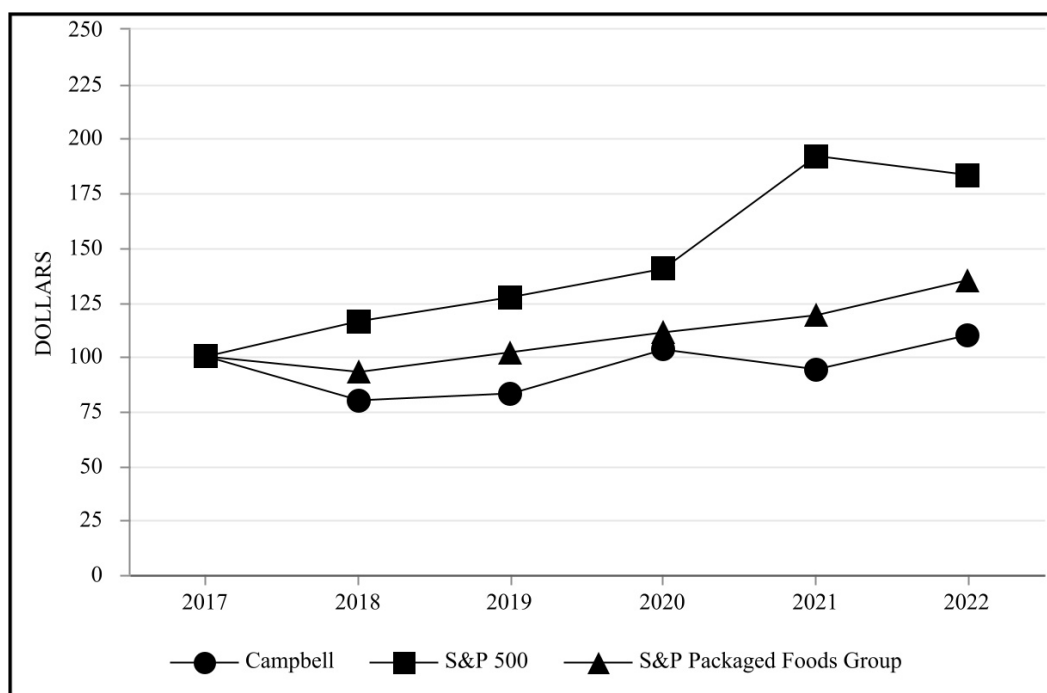
Market for Registrant’s Capital Stock

Our capital stock is traded on the New York Stock Exchange under the symbol "CPB." On September 14, 2022, there were 299,364,411 holders of record of our capital stock.

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 28, 2017, 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 31, 2022.



* Stock appreciation plus dividend reinvestment.

	2017	2018	2019	2020	2021	2022
Campbell	100	80	83	103	94	110
S&P 500	100	116	127	140	192	183
S&P Packaged Foods Group	100	93	102	111	119	135

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽³⁾	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs ⁽³⁾ (\$ in Millions) ⁽³⁾
5/2/22 - 5/31/22	—	\$ —	—	\$ 598
6/1/22 - 6/30/22	1,117,289	\$ 46.05	1,117,289	\$ 547
7/1/22 - 7/29/22	—	\$ —	—	\$ 547
Total	<u>1,117,289</u>	<u>\$46.05</u>	<u>1,117,289</u>	<u>\$ 547</u>

(1) Shares purchased are as of the trade date.

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

(3) In June 2021, our Board of Directors authorized an anti-dilutive share repurchase program of up to \$250 million (June 2021 program) to offset the impact of dilution from shares issued under our stock compensation programs. The June 2021 program has no expiration date, but it may be suspended or discontinued at any time. Repurchases under the June 2021 program may be made in open-market or privately negotiated transactions. In September 2021, the Board approved a strategic share repurchase program of up to \$500 million (September 2021 program). The September 2021 program has no expiration date, but it may be suspended or discontinued at any time. Repurchases under the September 2021 program may be made in open-market or privately negotiated transactions.

Item 6. Reserved

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.

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 competition in all of our categories.

In 2022, we delivered solid full-year results while advancing our strategic plan in a volatile macroeconomic environment. During 2022, we navigated through a challenging environment marked by supply chain pressures, particularly around labor and high inflation. We enhanced and accelerated our recruiting efforts and hiring and onboarding processes, which improved our ability to meet sustained consumer demand. Our improved supply chain execution combined with inflation-driven pricing, continued supply chain productivity improvements and cost savings initiatives partially mitigated ongoing inflationary pressures experienced in 2022. We expect that inflation will continue to be a headwind in 2023. In addition, we expect a pre-tax headwind of approximately \$35 million in 2023 related to lower net periodic pension and postretirement benefit income.

Strategy

Our strategy is to unlock our full growth potential by focusing on our core brands in two divisions within North America while delivering on the promise of our purpose - *Connecting people through food they love*. Our strategic plan is based on four pillars: build a winning team and culture; accelerate profitable growth; fuel investments and margins with targeted cost savings; and deliver on the promise of our purpose all as further discussed below.

We plan to continue our focus on building a winning team and culture by investing in our employee experience and improving employee engagement, prioritizing our inclusion and diversity strategy and investing in strategic capabilities and digitization that support our core brands in North America. In addition, we plan to continue to deliver on the promise of our purpose with consumer transparency initiatives, progress on our sustainability goals and strengthening our connection to the communities in which we operate.

We believe that we can accelerate our profitable growth model by growing market share and driving integrated business planning programming throughout the company. We expect to grow market share through the development of more consumer-

oriented product quality, marketing and innovation plans and prioritizing growth channels and retailers within our defined portfolio roles. In addition, we expect to continue to focus on accelerating the growth of our Snacks brands while also sustaining the growth in U.S. soup and our other core brands. We expect that changes in consumer behavior driven by the COVID-19 pandemic will continue to support ongoing elevated consumer demand for food at home, relative to pre-pandemic levels. We plan to capitalize on this opportunity by addressing evolving consumer needs through our unique and differentiated portfolio.

We also expect to fuel investments and margins by continuing to focus on mitigating the effects of inflation. We implemented price increases beginning in 2022 and continue to pursue our multi-year cost savings initiatives with targeted annualized cost savings of \$1 billion for continuing operations by the end of 2025, with \$850 million in synergies and run-rate cost savings achieved through 2022. See "Restructuring Charges and Cost Savings Initiatives" for additional information on these initiatives.

Business Trends

Our businesses are being influenced by a variety of trends that we anticipate will continue in the future, including: cost inflation; changing consumer preferences; and a competitive and dynamic retail environment.

Our strategy is designed, in part, to capture growing consumer preferences for snacking and convenience. For example, we believe that consumers are changing their eating habits by increasing the type and frequency of snacks they consume and are continuing in-home eating behaviors that were driven by the COVID-19 pandemic.

Retailers continue to use their buying power and negotiating strength to seek increased promotional programs funded by their suppliers and more favorable terms, including customized products funded by their suppliers. Any consolidations among retailers would continue to create large and sophisticated customers that may further this trend. Retailers also continue to grow and promote store brands that compete with branded products, especially on price.

Throughout 2022 we experienced elevated demand for our retail products versus pre-pandemic levels, but volumes were lower than fiscal 2021. In the first half of the year we experienced lower net sales due primarily to supply constraints based on materials availability and in the second half of the year, although supply significantly improved volumes declined due to inflation-driven pricing actions. We anticipate that demand related to at-home food consumption will remain elevated through 2023.

We also anticipate that 2023 will continue to be a dynamic macroeconomic environment, and expect input cost inflation to continue. We will continue to take actions to mitigate a portion of this inflationary pressure, but we do not expect such benefits will fully offset the incremental costs in 2023. Based on benefit obligations and plan assets as of July 31, 2022, net periodic pension and postretirement benefit income excluding any actuarial losses or gains is estimated to be approximately \$35 million lower in 2023, subject to the impact of interim remeasurements. The decrease in 2023 is due to increases in discount rates used to determine the benefit obligations and a decline in the market value of plan assets.

Business Divestitures

We completed the sale of our Kelsen business on September 23, 2019. On December 23, 2019, we completed the sale of our Arnott's business and certain other international operations, including the simple meals and shelf-stable beverages businesses in Australia and Asia Pacific (the Arnott's and other international operations). Beginning in the fourth quarter of 2019, we have reflected the results of operations of the Kelsen business and the Arnott's and other international operations (collectively referred to as Campbell International) as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Snacks reportable segment. In addition, on October 11, 2019, we completed the sale of our European chips business. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment.

In the fourth quarter of 2021, we completed the sale of our Plum baby food and snacks business. The results of the Plum baby food and snacks business through the date of sale were reflected in continuing operations within the Meals & Beverages reportable segment.

See Notes 3 and 6 to the Consolidated Financial Statements for additional information on these divestitures and reportable segments.

Summary of Results

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

There were 52 weeks in 2022 and 2021. There were 53 weeks in 2020.

- Net sales increased 1% in 2022 to \$8.562 billion as inflation-driven pricing and sales allowances were partially offset by volume declines, the impact from the divestiture of the Plum baby food and snack business and increased

promotional spending. Volumes declined primarily due to supply constraints driven by labor and materials availability and price elasticities.

- Gross profit, as a percent of sales, decreased to 30.7% in 2022 from 33.2% a year ago. The decrease was primarily due to higher cost inflation, mark-to-market adjustments on outstanding undesignated commodity hedges and unfavorable volume/mix, partially offset by inflation-driven pricing actions and supply chain productivity improvements.
- Earnings per share from continuing operations were \$2.51 in 2022, compared to \$3.30 a year ago. The current year included expenses of \$.34 and the prior year included gains of \$.45 per share from items impacting comparability as discussed below.

Net Earnings attributable to Campbell Soup Company - 2022 Compared with 2021

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

Continuing Operations

- In 2022, we recognized actuarial losses on our pension and postretirement plans in Other expenses / (income) of \$44 million (\$33 million after tax, or \$.11 per share). In 2021, we recognized actuarial gains in Other expenses / (income) of \$203 million (\$155 million after tax, or \$.51 per share);
- In 2022, we recognized losses in Cost of products sold of \$59 million (\$44 million after tax, or \$.15 per share) associated with unrealized mark-to-market adjustments on outstanding undesignated commodity hedges. In 2021, we recognized gains in Cost of products sold of \$50 million (\$38 million after tax, or \$.12 per share) associated with unrealized mark-to-market adjustments on outstanding undesignated commodity hedges;
- We implemented several cost savings initiatives in recent years. In 2022, we recorded Restructuring charges of \$5 million and implementation costs and other related costs of \$20 million in Administrative expenses, \$5 million in Cost of products sold and \$1 million in Marketing and selling expenses (aggregate impact of \$24 million after tax, or \$.08 per share) related to these initiatives. In 2021, we recorded Restructuring charges of \$21 million and implementation costs and other related costs of \$28 million in Administrative expenses, \$3 million in Cost of products sold and \$1 million in Marketing and selling expenses (aggregate impact of \$40 million after tax, or \$.13 per share) related to these initiatives. See Note 7 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;
- In 2022, we recorded a loss in Interest expense of \$4 million (\$3 million after tax, or \$.01 per share) on the extinguishment of debt;
- In 2021, we recorded a loss in Other expenses / (income) of \$11 million (and a gain of \$3 million after tax, or \$.01 per share) on the sale of our Plum baby food and snacks business; and
- In 2021, we recorded a \$19 million (\$.06 per share) deferred tax charge in connection with a legal entity reorganization as part of the continued integration of Snyder's-Lance, Inc. (Snyder's-Lance).

The items impacting comparability are summarized below:

(Millions, except per share amounts)	2022		2021	
	Earnings Impact	EPS Impact	Earnings Impact	EPS Impact
Earnings from continuing operations attributable to Campbell Soup Company	\$ 757	\$ 2.51	\$ 1,008	\$ 3.30
Loss from discontinued operations	\$ —	\$ —	\$ (6)	\$ (.02)
Net earnings attributable to Campbell Soup Company ⁽¹⁾	\$ 757	\$ 2.51	\$ 1,002	\$ 3.29
<u>Continuing operations:</u>				
Pension and postretirement actuarial gains (losses)	\$ (33)	\$ (.11)	\$ 155	\$.51
Commodity mark-to-market gains (losses)	(44)	(.15)	38	.12
Restructuring charges, implementation costs and other related costs	(24)	(.08)	(40)	(.13)
Loss on debt extinguishment	(3)	(.01)	—	—
Gain associated with divestiture	—	—	3	.01
Deferred tax charge	—	—	(19)	(.06)
Impact of items on Earnings from continuing operations ⁽¹⁾	\$ (104)	\$ (.34)	\$ 137	\$.45

⁽¹⁾ Sum of the individual amounts may not add due to rounding.

Earnings from continuing operations were \$757 million (\$2.51 per share) in 2022, compared to \$1.008 billion (\$3.30 per share) in 2021. After adjusting for items impacting comparability, earnings from continuing operations decreased reflecting lower gross profit, lower other income and higher administrative expenses, mostly offset by lower marketing and selling expenses, lower interest expense and a lower effective tax rate. Earnings per share benefited from a reduction in the weighted average diluted shares outstanding.

See "Discontinued Operations" for additional information.

Net Earnings attributable to Campbell Soup Company - 2021 Compared with 2020

In addition to the 2021 items that impacted comparability of Net earnings discussed above, the following items impacted the comparability of net earnings and net earnings per share:

Continuing Operations

- In 2020, we recognized actuarial losses on our pension and postretirement plans in Other expenses / (income) of \$164 million (\$125 million after tax, or \$.41 per share);
- In 2020, we recognized gains in Cost of products sold of \$2 million (\$2 million after tax, or \$.01 per share) associated with unrealized mark-to-market adjustments on outstanding undesignated commodity hedges;
- In 2020, we recorded Restructuring charges of \$9 million and implementation costs and other related costs of \$48 million in Administrative expenses, \$9 million in Cost of products sold, \$2 million in Marketing and selling expenses and \$1 million in Research and development expenses (aggregate impact of \$52 million after tax, or \$.17 per share) related to the cost savings initiatives discussed above. See Note 7 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information;
- In 2020, we recorded a loss in Other expenses / (income) of \$64 million (\$37 million after tax, or \$.12 per share) on the sale of our European chips business;
- On April 26, 2020, we entered into an agreement to sell our limited partnership interest in Acre Venture Partners, L.P. (Acre). The transaction closed on May 8, 2020. In the third quarter of 2020, we recorded a loss in Other expenses / (income) of \$45 million (\$35 million after tax, or \$.12 per share) as a result of the pending sale. See Note 14 to the Consolidated Financial Statements for additional information; and
- In 2020, we recorded a loss in Interest expense of \$75 million (\$57 million after tax, or \$.19 per share) on the extinguishment of debt.

Discontinued Operations

- In 2020, we recognized net gains of \$1.039 billion (\$1 billion after tax, or \$3.29 per share) associated with the sale of Campbell International.

The items impacting comparability are summarized below:

(Millions, except per share amounts)	2021		2020	
	Earnings Impact	EPS Impact	Earnings Impact	EPS Impact
Earnings from continuing operations attributable to Campbell Soup Company	\$ 1,008	\$ 3.30	\$ 592	\$ 1.95
Earnings (loss) from discontinued operations	\$ (6)	\$ (.02)	\$ 1,036	\$ 3.41
Net earnings attributable to Campbell Soup Company ⁽¹⁾	\$ 1,002	\$ 3.29	\$ 1,628	\$ 5.36
<u>Continuing operations:</u>				
Pension and postretirement actuarial gains (losses)	\$ 155	\$.51	\$ (125)	\$ (.41)
Commodity mark-to-market gains	38	.12	2	.01
Restructuring charges, implementation costs and other related costs	(40)	(.13)	(52)	(.17)
Gains (charges) associated with divestitures	3	.01	(37)	(.12)
Deferred tax charge	(19)	(.06)	—	—
Investment losses	—	—	(35)	(.12)
Loss on debt extinguishment	—	—	(57)	(.19)
Impact of items on Earnings from continuing operations	\$ 137	\$.45	\$ (304)	\$ (1.00)
<u>Discontinued operations:</u>				
Gains associated with divestitures	\$ —	\$ —	\$ 1,000	\$ 3.29
Impact of items on Earnings (loss) from discontinued operations	\$ —	\$ —	\$ 1,000	\$ 3.29

⁽¹⁾ Sum of the individual amounts may not add due to rounding.

Earnings from continuing operations were \$1.008 billion (\$3.30 per share) in 2021, compared to \$592 million (\$1.95 per share) in 2020. After adjusting for items impacting comparability, earnings from continuing operations decreased reflecting a lower gross profit margin and sales volume declines, partially offset by lower marketing and selling expenses, lower interest expense and higher other income. The additional week contributed approximately \$.04 per share to Earnings from continuing operations in 2020.

See "Discontinued Operations" for additional information.

DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

(Millions)	2022	2021	2020	% Change	
				2022/2021	2021/2020
Meals & Beverages	\$ 4,607	\$ 4,621	\$ 4,747	—	(3)
Snacks	3,955	3,855	3,944	3	(2)
	\$ 8,562	\$ 8,476	\$ 8,691	1	(2)

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

2022 versus 2021	Meals & Beverages⁽²⁾	Snacks⁽²⁾	Total⁽²⁾
Volume and mix	(6)%	(6)%	(6)%
Price and sales allowances	8	8	8
Decreased/(increased) promotional spending ⁽¹⁾	(2)	—	(1)
Divestiture	(1)	—	(1)
	<u>—%</u>	<u>3%</u>	<u>1%</u>
2021 versus 2020	Meals & Beverages	Snacks⁽²⁾	Total⁽²⁾
Volume and mix	(2)%	(1)%	(2)%
Price and sales allowances	—	—	—
Decreased/(increased) promotional spending ⁽¹⁾	1	1	1
Divestiture	—	(1)	—
Estimated impact of 53 rd week	(2)	(2)	(2)
	<u>(3)%</u>	<u>(2)%</u>	<u>(2)%</u>

⁽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 2022, Meals & Beverages sales were comparable with prior year. Excluding the impact from the divestiture of the Plum baby food and snacks business, sales increased primarily due to increases in U.S. soup and foodservice, partially offset by declines in *V8* beverages. Inflation-driven pricing and sales allowances were partially offset by increased promotional spending. Volume decreased primarily due to supply constraints driven by labor and materials availability and price elasticities. Sales of U.S. soup increased 3%, due to increases in ready-to-serve soups, condensed soups and broth.

In 2021, Meals & Beverages sales decreased 3%. Excluding the impact of the 53rd week, sales decreased primarily due to declines in foodservice, partially offset by gains in *V8* beverages. Foodservice sales were negatively impacted by shifts in consumer behavior and continued COVID-19 related restrictions. Including a 1-point impact from the additional week, sales of U.S. soup decreased 1% due to declines in condensed soups and ready-to-serve soups, partially offset by gains in broth.

In 2022, Snacks sales increased 3% driven by sales of our power brands which increased 7%. Sales increased due to increases in cookies and crackers, primarily *Goldfish* crackers, and in salty snacks, primarily *Snyder's of Hanover* pretzels and *Kettle Brand* potato chips which more than offset declines in *Late July* snacks, partially offset by declines in non-core businesses. Inflation-driven pricing and sales allowances were partly offset by volume declines. Volumes declined driven by supply constraints due to labor and materials availability and price elasticities.

In 2021, Snacks sales decreased 2%. Excluding the impact of the 53rd week and the divestiture of the European chips business, sales were comparable driven by volume declines mostly offset by lower levels of promotional spending. Declines in partner brands and *Lance* sandwich crackers were mostly offset by gains in salty snacks, including *Late July* snacks and *Snyder's of Hanover* pretzels, and in *Goldfish* crackers. Partner brands consist of third-party branded products that we sell.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, decreased by \$184 million in 2022 from 2021 and decreased by \$188 million in 2021 from 2020. As a percent of sales, gross profit was 30.7% in 2022, 33.2% in 2021 and 34.5% in 2020.

The 250 basis-point decrease and the 130 basis-point decrease in gross profit margin in 2022 and 2021, respectively, were due to the following factors:

	Margin Impact	
	2022	2021
Cost inflation, supply chain costs and other factors ⁽¹⁾	(810)	(320)
Volume/mix ⁽²⁾	(130)	(40)
Lower/(higher) level of promotional spending	(50)	80
Productivity improvements	130	150
Price and sales allowances	610	(10)
Lower restructuring-related costs	—	10
	(250)	(130)

⁽¹⁾ 2022 includes an estimated positive margin impact of 30 basis points from the benefit of cost savings initiatives, which was more than offset by cost inflation and other factors, including a 130 basis-point impact from the change in unrealized mark-to-market adjustments on outstanding undesignated commodity hedges. 2021 includes an estimated positive margin impact of a 60 basis-point benefit from the change in unrealized mark-to-market adjustments on outstanding undesignated commodity hedges and 50 basis points from the benefit of cost savings initiatives, which were more than offset by cost inflation and other factors.

⁽²⁾ Includes the impact of operating leverage.

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 8.6% in 2022, 9.6% in 2021 and 10.9% in 2020. Marketing and selling expenses decreased 10% in 2022 from 2021. The decrease was primarily due to lower advertising and consumer promotion expense (approximately 10 points). The reduction in advertising and consumer promotion expense was primarily due to supply constraints.

Marketing and selling expenses decreased 14% in 2021 from 2020. The decrease was primarily due to lower advertising and consumer promotion expense (approximately 7 points); increased benefits from cost savings initiatives (approximately 2 points); lower incentive compensation (approximately 2 points); lower selling expenses (approximately 1 point) and lower costs related to marketing overhead (approximately 1 point). The decrease in advertising and consumer promotion expense was primarily due to elevated levels in 2020.

Administrative Expenses

Administrative expenses as a percent of sales were 7.2% in 2022, 7.1% in 2021 and 7.2% in 2020. Administrative expenses increased 3% in 2022 from 2021. The increase was primarily due to expenses related to the settlement of certain legal claims (approximately 3 points) and higher general administrative costs (approximately 3 points), partially offset by increased benefits from cost savings initiatives (approximately 3 points).

Administrative expenses decreased 4% in 2021 from 2020. The decrease was primarily due to lower incentive compensation (approximately 4 points); lower costs associated with cost savings initiatives (approximately 3 points); increased benefits from cost savings initiatives (approximately 2 points) and higher charitable contributions in 2020 (approximately 2 points), partially offset by higher information technology costs (approximately 4 points); higher inflation and other factors (approximately 2 points) and higher benefit-related costs (approximately 1 point).

Other Expenses / (Income)

Other expenses in 2022 included the following:

- \$41 million of amortization of intangible assets; and
- \$23 million of net periodic benefit income, including pension and postretirement actuarial losses of \$44 million.

Other income in 2021 included the following:

- \$285 million of net periodic benefit income, including pension and postretirement actuarial gains of \$203 million;
- \$27 million of income from transition services fees;
- \$42 million of amortization of intangible assets; and
- \$11 million loss on the sale of the Plum baby food and snacks business.

Other expenses in 2020 included the following:

- \$73 million of net periodic benefit expense, including pension and postretirement actuarial losses of \$164 million;
- \$64 million loss on the sale of the European chips business;
- \$45 million loss on Acre;
- \$43 million of amortization of intangible assets; and
- \$10 million of income from transition services fees.

Operating Earnings

Segment operating earnings decreased 3% in 2022 from 2021 and decreased 6% in 2021 from 2020.

An analysis of operating earnings by segment follows:

(Millions)	2022	2021	2020	% Change	
				2022/2021	2021/2020
Meals & Beverages	\$ 874	\$ 922	\$ 1,009	(5)	(9)
Snacks	517	514	525	1	(2)
	1,391	1,436	1,534	(3)	(6)
Corporate income (expense)	(223)	130	(418)		
Restructuring charges ⁽¹⁾	(5)	(21)	(9)		
Earnings before interest and taxes	\$ 1,163	\$ 1,545	\$ 1,107		

⁽¹⁾ See Note 7 to the Consolidated Financial Statements for additional information on restructuring charges.

Operating earnings from Meals & Beverages decreased 5% in 2022 versus 2021. The decrease was primarily due to lower gross profit and higher administrative expenses, partially offset by lower marketing and selling expenses. Gross profit margin declined driven by higher cost inflation and other supply chain costs as well as higher levels of promotional spending and unfavorable volume/mix, partially offset by the impact of pricing actions and supply chain productivity improvements.

Operating earnings from Meals & Beverages decreased 9% in 2021 versus 2020. The decrease was primarily due to a lower gross profit margin and sales volume declines, partially offset by lower marketing and selling expenses and administrative expenses. Gross profit performance was impacted by higher cost inflation and other supply chain costs, as well as unfavorable volume/mix, partially offset by supply chain productivity improvements and lower levels of promotional activity.

Operating earnings from Snacks increased 1% in 2022 versus 2021. The increase was primarily due to lower marketing and selling expenses and slightly higher gross profit, partially offset by higher administrative expenses due to the settlement of certain legal claims.

Operating earnings from Snacks decreased 2% in 2021 versus 2020. The decrease primarily due to a lower gross profit margin and sales volume declines, partially offset by lower marketing and selling expenses. Gross profit performance was impacted by higher cost inflation and other supply chain costs, as well as unfavorable volume/mix, partially offset by supply chain productivity improvements and cost savings initiatives as well as lower levels of promotional spending.

Corporate expense in 2022 included the following:

- \$59 million of unrealized mark-to-market losses on outstanding undesignated commodity hedges;
- \$44 million of pension and postretirement actuarial losses; and
- costs of \$26 million related to cost savings initiatives.

Corporate income in 2021 included the following:

- \$203 million of pension and postretirement actuarial gains;
- \$50 million of unrealized mark-to-market gains on outstanding undesignated commodity hedges;
- costs of \$32 million related to the cost savings initiatives; and
- a loss of \$11 million from the sale of the Plum baby food and snacks business.

Corporate expense in 2020 included the following:

- \$164 million of pension and postretirement actuarial losses;

- a loss of \$64 million from the sale of the European chips business;
- costs of \$60 million related to the cost savings initiatives;
- a loss of \$45 million on Acre; and
- \$2 million of unrealized mark-to-market gains on outstanding undesignated commodity hedges.

Interest Expense

Interest expense decreased to \$189 million in 2022 from \$210 million in 2021. The decrease in interest expense was primarily due to lower levels of debt, partially offset by a loss on extinguishment of debt of \$4 million in 2022.

Interest expense decreased to \$210 million in 2021 from \$345 million in 2020. The decrease in interest expense was due to a loss on extinguishment of debt of \$75 million in 2020 and lower levels of debt.

Taxes on Earnings

The effective tax rate was 22.4% in 2022, 24.6% in 2021 and 22.7% in 2020.

The decrease in the effective tax rate in 2022 from 2021 was primarily due to a \$19 million deferred tax charge recognized in the second quarter of 2021 in connection with a legal entity reorganization as part of the continued integration of Snyder's-Lance and state income tax law changes.

The increase in the effective rate in 2021 from 2020 was primarily due to the \$19 million deferred tax charge recognized in the second quarter of 2021 and a \$27 million tax benefit on the \$64 million loss on the sale of the European chips business in 2020.

Restructuring Charges and Cost Savings Initiatives

Multi-year Cost Savings Initiatives and Snyder's-Lance Cost Transformation Program and Integration

Beginning in fiscal 2015, we implemented initiatives to reduce costs and to streamline our organizational structure.

Over the years, we expanded these initiatives by continuing to optimize our supply chain and manufacturing networks, including closing our manufacturing facility in Toronto, Ontario, as well as our information technology infrastructure.

On March 26, 2018, we completed the acquisition of Snyder's-Lance. Prior to the acquisition, Snyder's-Lance launched a cost transformation program following a comprehensive review of its operations with the goal of significantly improving its financial performance. We continued to implement this program and identified opportunities for additional cost synergies as we integrated Snyder's-Lance.

In 2022, we expanded these initiatives as we continue to pursue cost savings by further optimizing our supply chain and manufacturing network and through effective cost management. Cost estimates for these expanded initiatives, as well as timing for certain activities, are continuing to be developed.

A summary of charges recorded in Earnings from continuing operations related to these initiatives is as follows:

(Millions, except per share amounts)	2022	2021	2020	Recognized as of July 31, 2022
Restructuring charges	\$ 5	\$ 21	\$ 9	\$ 264
Administrative expenses	20	28	48	359
Cost of products sold	5	3	9	84
Marketing and selling expenses	1	1	2	14
Research and development expenses	—	—	1	4
Total pre-tax charges	<u>\$ 31</u>	<u>\$ 53</u>	<u>\$ 69</u>	<u>\$ 725</u>
Aggregate after-tax impact	<u>\$ 24</u>	<u>\$ 40</u>	<u>\$ 52</u>	
Per share impact	<u>\$.08</u>	<u>\$.13</u>	<u>\$.17</u>	

A summary of the pre-tax costs in Earnings from continuing operations associated with the initiatives is as follows:

(Millions)	Recognized as of July 31, 2022
Severance pay and benefits	\$ 227
Asset impairment/accelerated depreciation	82
Implementation costs and other related costs	416
Total	<u>\$ 725</u>

The total estimated pre-tax costs for actions associated with continuing operations that have been identified to date are approximately \$735 million to \$740 million and we expect to incur the costs through 2023. These estimates will be updated as the expanded initiatives are developed.

We expect the costs for actions associated with continuing operations that have been identified to date to consist of the following: approximately \$230 million in severance pay and benefits; approximately \$85 million in asset impairment and accelerated depreciation; and approximately \$420 million to \$425 million in implementation costs and other related costs. We expect these pre-tax costs to be associated with our segments as follows: Meals & Beverages - approximately 31%; Snacks - approximately 44%; and Corporate - approximately 25%.

Of the aggregate \$735 million to \$740 million of pre-tax costs associated with continuing operations identified to date, we expect approximately \$635 million to \$640 million will be cash expenditures. In addition, we expect to invest approximately \$445 million in capital expenditures through 2023, of which we invested \$440 million as of July 31, 2022. The capital expenditures primarily relate to a U.S. warehouse optimization project, improvement of quality, safety and cost structure across the Snyder's-Lance manufacturing network, implementation of our existing SAP enterprise-resource planning system for Snyder's-Lance, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, optimization of information technology infrastructure and applications and optimization of the Snyder's-Lance warehouse and distribution network.

We expect to fund the costs through cash flows from operations and short-term borrowings.

We expect the initiatives for actions associated with continuing operations, once all phases are implemented, to generate annual ongoing savings of approximately \$1 billion by the end of 2025. As of July 31, 2022, we have generated total program-to-date pre-tax savings of \$850 million.

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 in Earnings from continuing operations associated with segments is as follows:

(Millions)	2022	Costs Incurred to Date
Meals & Beverages	\$ 2	\$ 225
Snacks	22	321
Corporate	7	179
Total	<u>\$ 31</u>	<u>\$ 725</u>

See Note 7 to the Consolidated Financial Statements for additional information.

Discontinued Operations

We completed the sale of our Kelsen business on September 23, 2019, for \$322 million. We also completed the sale of the Arnott's and other international operations on December 23, 2019, for \$2.286 billion. The purchase price was subject to certain post-closing adjustments, which resulted in \$4 million of additional proceeds in the third quarter of 2020. Beginning in the fourth quarter of 2019, we have reflected the results of operations of the Kelsen business and the Arnott's and other international operations, or Campbell International, as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Snacks reportable segment.

Results of discontinued operations were as follows:

(Millions)	2020
Net sales	\$ 359
Earnings before taxes from operations	\$ 53
Taxes on earnings from operations	17
Gain on sales of businesses / costs associated with selling the businesses	1,039
Tax expense on sales / costs associated with selling the businesses	39
Earnings from discontinued operations	\$ 1,036

In addition, in the third quarter of 2021, we recognized a \$6 million loss due to tax expense from return-to-provision adjustments related to the sale of Campbell International.

The sale of the Arnott's and other international operations resulted in a substantial capital gain for tax purposes. We were able to utilize capital losses in 2020, which were offset with valuation allowances as of July 28, 2019, to offset the capital gain.

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, which may include 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 \$1.181 billion in 2022, compared to \$1.035 billion in 2021. The increase in 2022 was primarily due to changes in working capital, partially offset by lower cash earnings.

We generated cash flows from operations of \$1.035 billion in 2021, compared to \$1.396 billion in 2020. The decline in 2021 was primarily due changes in working capital, mostly from a significant increase in accounts payable in the prior year and lower accrued liabilities in the current year.

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. We had negative working capital of \$923 million as of July 31, 2022, and \$119 million as of August 1, 2021. Total debt maturing within one year was \$814 million as of July 31, 2022, and \$48 million as of August 1, 2021.

Capital expenditures were \$242 million in 2022, \$275 million in 2021 and \$299 million in 2020. Capital expenditures are expected to total approximately \$325 million in 2023. Capital expenditures in 2022 included improvement of the quality and cost structure of the Snyder's-Lance manufacturing network, the continued implementation of our existing SAP enterprise-resource planning system for Snyder's-Lance and cookie and cracker capacity expansion for our Snacks business. Capital expenditures in 2021 included the continued implementation of our existing SAP enterprise-resource planning system for Snyder's-Lance, chip capacity expansion projects, a *Milano* cookie capacity expansion project and a *Goldfish* cracker capacity expansion project. Capital expenditures in 2020 included implementation of our existing SAP enterprise-resource planning system for Snyder's-Lance, a *Milano* cookie capacity expansion project, chip capacity expansion projects and a *Goldfish* cracker capacity expansion project.

In Snacks, we have a direct-store-delivery distribution model that uses independent contractor distributors. In order to maintain and expand this model, we routinely purchase and sell routes. The purchase and sale proceeds of the routes are reflected in investing activities.

We completed the sale of our Kelsen business on September 23, 2019, for \$322 million. On September 30, 2019, we repaid \$399 million of our senior unsecured term loan facility using net proceeds from the Kelsen sale and the issuance of commercial paper. In addition, on October 11, 2019, we completed the sale of our European chips business for £63 million, or \$77 million.

We completed the sale of the Arnott's and other international operations on December 23, 2019, for \$2.286 billion. The purchase price was subject to certain post-closing adjustments, which resulted in \$4 million of additional proceeds in the third quarter of 2020. We used the net proceeds from the sale to reduce our debt through a series of actions. On December 31, 2019, we repaid the \$100 million outstanding balance on our senior unsecured term loan facility. On January 22, 2020, we completed the redemption of all \$500 million outstanding aggregate principal amount of our 4.25% Senior Notes due 2021. On January 24, 2020, we settled tender offers to purchase \$1.2 billion in aggregate principal amount of certain unsecured debt, comprising \$329 million of 3.30% Senior Notes due 2021, \$634 million of 3.65% Senior Notes due 2023, and \$237 million of 3.80% Senior Notes due 2043. Except for the \$237 million of 3.80% Senior Notes due 2043, the Senior Notes settled under the tender offer were issued in connection with our acquisition of Snyder's-Lance. The consideration for the redemption and the tender offers was \$1.765 billion, including \$65 million of premium. We recognized a loss of \$75 million (including \$65 million

of premium, fees and other costs paid with the tender offers and unamortized debt issuance costs), which was recorded in Interest expense in the Consolidated Statement of Earnings. In addition, we paid accrued and unpaid interest on the purchased notes through the dates of settlement. The net divestiture proceeds remaining after these debt reduction activities were used to reduce commercial paper borrowings.

On May 3, 2021, we completed the sale of our Plum baby food and snacks business for \$101 million.

Dividend payments were \$451 million in 2022, \$439 million in 2021 and \$426 million in 2020. Annual dividends declared were \$1.48 per share in 2022, \$1.46 per share in 2021 and \$1.40 per share in 2020. The 2022 fourth quarter dividend was \$.37 per share. The declaration of dividends is subject to the discretion of our Board and depends on various factors, including our net earnings, financial condition, cash requirements, future prospects and other factors that our Board deems relevant to its analysis and decision making.

In June 2021, the Board authorized an anti-dilutive share repurchase program of up to \$250 million (June 2021 program) to offset the impact of dilution from shares issued under our stock compensation programs. The June 2021 program has no expiration date, but it may be suspended or discontinued at any time. Repurchases under the anti-dilutive program may be made in open-market or privately negotiated transactions. In September 2021, the Board approved a strategic share repurchase program of up to \$500 million (September 2021 program). The September 2021 program has no expiration date, but it may be suspended or discontinued at any time. Repurchases under the September 2021 program may be made in open-market or privately negotiated transactions. In 2022, we repurchased 3.8 million shares at a cost of \$167 million. Of this amount, \$42 million was used to repurchase shares pursuant to our June 2021 program and \$125 million was used to repurchase share pursuant to our September 2021 program. As of July 31, 2022, approximately \$172 million remained available under the June 2021 program and approximately \$375 million remained under the September 2021 program. In 2021, we repurchased approximately 1 million shares at a cost of \$36 million. See Note 16 to the Consolidated Financial Statements and "Market for Registrant's Capital Stock, Related Shareholder Matters and Issuer Purchases of Equity Securities" for additional information.

On March 4, 2022, we completed the redemption of all \$450 million outstanding aggregate principal amount of our 2.50% Senior Notes due August 2, 2022. The consideration for the redemption was \$453 million, including \$3 million of premium. We recognized a loss of \$4 million (including the \$3 million of premium and other costs), which was recorded in Interest expense in the Consolidated Statement of Earnings. In addition, we paid accrued and unpaid interest on the redeemed notes through the date of settlement. We used a combination of cash on hand and short-term debt to fund the redemption.

In March 2021, we repaid our 3.30% \$321 million notes and floating rate \$400 million notes, and in May 2021, we repaid our 8.875% \$200 million notes. The repayments were funded with available cash and commercial paper issuances.

On April 24, 2020, we issued senior unsecured notes in an aggregate principal amount of \$1 billion, consisting of \$500 million aggregate principal amount of notes bearing interest at a fixed rate of 2.375% per annum, due April 24, 2030, and \$500 million aggregate principal amount of notes bearing interest at a fixed rate of 3.125% per annum, due April 24, 2050. On May 1, 2020, we used \$300 million of the net proceeds to repay \$300 million of borrowings outstanding under a revolving credit facility.

As of July 31, 2022, we had \$814 million of short-term borrowings due within one year, of which \$235 million was comprised of commercial paper borrowings. As of July 31, 2022, we issued \$32 million of standby letters of credit. On November 2, 2020, we entered into a committed revolving credit facility totaling \$1.85 billion scheduled to mature on November 2, 2023. On September 27, 2021, we replaced the facility with a new \$1.85 billion committed revolving facility that matures on September 27, 2026. This facility remained unused at July 31, 2022, except for \$1 million of standby letters of credit that we issued under it. The facility contains customary covenants, including a financial covenant with respect to a minimum consolidated interest coverage ratio of consolidated adjusted EBITDA to consolidated interest expense (as each is defined in the credit facility) of not less than 3.25:1.00, measured quarterly, and customary events of default for credit facilities of this type. Loans under this facility will bear interest at the rates specified in the facility, which vary based on the type of loan and certain other customary conditions. The facility supports our commercial paper program and other general corporate purposes. We expect to continue to access the commercial paper markets, bank credit lines and utilize cash flows from operations to support our short-term liquidity requirements.

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

In September 2020, 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.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

Contractual Obligations

We have short- and long-term material cash requirements related to our contractual obligations that arise in the normal course of business. In addition to principal and interest payments on our outstanding debt obligations, our contractual obligations primarily consist of purchase commitments, lease payments and pension and postretirement benefits.

See Note 12 to the Consolidated Financial Statements for a summary of our principal payments for short-term borrowings and long-term debt obligations as of July 31, 2022. Interest payments for short-term borrowings and long-term debt as of July 31, 2022 are approximately as follows: \$165 million in 2023; \$290 million in 2024 through 2025; \$220 million in 2026 through 2027; and \$1.2 billion from 2028 through maturity.

Purchase commitments represent purchase orders and long-term purchase arrangements related to the procurement of ingredients, supplies, machinery, equipment and services. As of July 31, 2022, purchase commitments totaled approximately \$1.535 billion. Approximately \$1.27 billion of these purchase commitments will be settled in the ordinary course of business in the next 12 months and the balance of \$265 million from 2024 through 2027.

See Note 10 to the Consolidated Financial Statements for a summary of our lease obligations as of July 31, 2022.

As of July 31, 2022, we recognized a pension liability of \$120 million and a postretirement benefit obligation of \$172 million. As of July 31, 2022, we also recognized a pension asset of \$146 million based on the funded status of certain plans. See Note 9 to the Consolidated Financial Statements and "Significant Accounting Estimates" for further discussion of our pension and postretirement benefit obligations.

Off-Balance Sheet Arrangements and Other Commitments

We guarantee approximately 4,800 bank loans made to independent contractor distributors by third-party financial institutions for the purchase of distribution routes. The maximum potential amount of the future payments under existing guarantees we could be required to make is \$500 million as of July 31, 2022. Our guarantees are indirectly secured by the distribution routes. We do not expect that we will be required to make material guarantee payments as a result of defaults on the bank loans guaranteed.

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

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 foreign currency exposures by utilizing foreign exchange forward contracts. We enter into foreign exchange forward contracts for periods consistent with related underlying exposures, and the contracts do not constitute positions independent of those exposures. We manage our exposure to changes in interest rates by optimizing the use of variable-rate and fixed-rate debt and we may utilize interest rate swaps in order to maintain our variable-to-total debt ratio within targeted guidelines. 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, natural gas, soybean oil, aluminum, cocoa, corn, soybean meal and butter. We do not enter into derivative contracts for speculative purposes and do not use leveraged instruments.

The information below summarizes our market risks associated with significant financial instruments as of July 31, 2022. 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 12, 13 and 15 to the Consolidated Financial Statements.

We are exposed to foreign currency exchange risk, primarily the Canadian dollar, related to third-party transactions and intercompany transactions. We utilize foreign exchange forward purchase and sale contracts to hedge these exposures. The notional amounts of the contracts as of July 31, 2022, and August 1, 2021, were \$153 million and \$147 million, respectively. The aggregate fair value of all contracts was a gain of \$2 million as of July 31, 2022, and a loss of \$2 million as of August 1, 2021. A hypothetical 10% fluctuation in exchange rates would impact the fair value of our outstanding foreign exchange contracts by \$17 million as of July 31, 2022, and as of August 1, 2021, which would generally be offset by inverse changes on the underlying hedged items.

As of July 31, 2022, we had outstanding variable-rate debt of \$235 million with an average interest rate of 2.63%. As of August 1, 2021, we had outstanding variable-rate debt of \$37 million with an average interest rate of 0.22%. A hypothetical

100-basis-point increase in average interest rates applied to our variable-rate debt balances throughout 2022 and 2021 would have increased annual interest expense in those years by approximately \$1 million and \$3 million, respectively.

As of July 31, 2022, we had outstanding fixed-rate debt of \$4.609 billion with a weighted average interest rate of 3.76%. As of August 1, 2021, we had outstanding fixed-rate debt of \$5.059 billion with an average interest rate of 3.65%. The fair value of fixed-rate debt was \$4.402 billion as of July 31, 2022 and \$5.576 billion as of August 1, 2021. As of July 31, 2022, and August 1, 2021, a hypothetical 100-basis-point increase in interest rates would decrease the fair value of our fixed rate debt by approximately \$274 million and \$399 million, respectively, while a hypothetical 100-basis-point decrease in interest rates would increase the fair value of our fixed rate debt by approximately \$318 million and \$463 million, respectively. The impact of market interest rate fluctuations on our long-term debt does not affect our results of operations or financial position.

We enter into commodity futures, options and swap contracts, and a supply contract under which prices for certain raw materials are established based on anticipated volume requirements to reduce the volatility of price fluctuations for commodities. As of July 31, 2022, the total notional amount of the contracts was \$296 million, and the aggregate fair value of these contracts was a loss of \$7 million. As of August 1, 2021, the total notional amount of these contracts was \$246 million, and the aggregate fair value of these contracts was a gain of \$53 million. A hypothetical 10% fluctuation in commodity prices would impact the fair value of our outstanding commodity contracts by approximately \$30 million as of July 31, 2022, and as of August 1, 2021, which would generally be offset by inverse changes on the underlying hedged items.

We enter into swap contracts which hedge a portion of exposures relating to certain deferred compensation obligations linked to the total return of the Vanguard Extended Market Index Plus Fund, the Vanguard Institutional Index Institutional Plus Fund, the Vanguard Short-Term Bond Index Fund and the Vanguard Total International Stock Index Fund. Prior to 2022, we had entered into swap contracts which hedged a portion of exposures linked to the total return of our capital stock. As of July 31, 2022, and August 1, 2021, we no longer hedge our exposure linked to the total return of our capital stock. The notional amount of the contracts was \$50 million as of July 31, 2022, and \$29 million as of August 1, 2021. The fair value of these contracts was a loss of \$4 million as of July 31, 2022, and a gain of \$3 million as of August 1, 2021. A hypothetical 10% fluctuation in equity price changes would impact the fair value of our outstanding swap contracts by \$5 million as of July 31, 2022, and \$3 million as of August 1, 2021, which would generally be offset by inverse changes on the underlying hedged items.

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 these forms of variable consideration, which are classified as reductions in revenue and recognized upon sale, and advertising or other marketing activities, which are classified as marketing and selling expenses, fluctuates between periods based on our overall marketing plans. 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, including expected volume. 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. Differences between estimates and actual costs are recognized as a change in estimate in a subsequent period. However, actual expenses may differ if the level of redemption rates and performance were to vary from estimates. Accrued trade and consumer promotion liabilities as of July 31, 2022 and August 1, 2021 were \$141 million and \$121 million, respectively.

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 in the fourth quarter 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 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 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 costs of capital and future economic and market conditions. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired. An impairment charge is recognized for the amount by which the carrying value of the reporting unit exceeds fair value, limited to the amount of goodwill in the reporting unit.

Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Fair value is determined using a relief from royalty valuation method based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average costs of capital and assumed royalty rates. If the carrying value exceeds fair value, an impairment charge will be recorded to reduce the asset to fair value.

As of July 31, 2022, the carrying value of goodwill was \$3.979 billion. Based on our assessments, all of our reporting units had fair values that significantly exceeded carrying values.

As of July 31, 2022, the carrying value of indefinite-lived trademarks was \$2.549 billion as detailed below:

(Millions)	
<i>Snyder's of Hanover</i>	\$ 620
<i>Lance</i>	350
<i>Kettle Brand</i>	318
<i>Pace</i>	292
<i>Pacific Foods</i>	280
Various other Snacks ⁽¹⁾	689
Total	\$ 2,549

⁽¹⁾ Associated with the acquisition of Snyder's-Lance.

As of the 2022 impairment testing, indefinite-lived trademarks with 10% or less of excess coverage of fair value over carrying value had an aggregate carrying value of \$434 million and included *Pacific Foods* and certain other Snacks trademarks. Although assumptions are generally interdependent and do not change in isolation, sensitivities to changes are provided below. Holding all other assumptions in our 2022 impairment testing constant, changes in the assumptions below would reduce fair value of trademarks and result in impairment charges of approximately:

(Millions)	<i>Snyder's of Hanover</i>	<i>Lance</i>	<i>Kettle Brand</i>	<i>Pace</i>	<i>Pacific Foods</i>	Various Other Snacks
1% increase in the weighted-average cost of capital	\$ —	\$ —	\$ (15)	\$ —	\$ (30)	\$ (25)
1% reduction in revenue growth	\$ —	\$ —	\$ —	\$ —	\$ (5)	\$ (15)
1% decrease in royalty rate	\$ —	\$ —	\$ (5)	\$ —	\$ (30)	\$ (60)

While the 1% changes in assumptions would not result in impairment charges on certain trademarks as indicated above, some changes would reduce the excess coverage of fair value over carrying value to less than 10% for the *Lance* and *Pace* trademarks.

The estimates of future cash flows used in impairment testing are made at a point in time, involve considerable management judgment, and are based upon assumptions about expected future operating performance, assumed royalty rates, economic conditions, market conditions and cost of capital. Inherent in estimating the future cash flows are uncertainties beyond our control, such as changes in capital markets. The actual cash flows could differ materially from management's estimates due to changes in business conditions, operating performance and economic conditions. If assumptions are not achieved or market conditions decline, potential impairment charges could result. We will continue to monitor the valuation of our long-lived assets.

See also Note 5 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. Actuarial gains and losses are recognized immediately in Other expenses / (income) in the Consolidated Statements of

Earnings as of the measurement date, which is our fiscal year end, or more frequently if an interim remeasurement is required. We use the fair value of plan assets to calculate the expected return on plan assets.

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. We use a full yield curve approach to estimate service cost and interest cost by applying the specific spot rates along the yield curve used to determine the benefit obligation of the relevant projected cash flows.

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.

As of July 31, 2022, we recognized a pension liability of \$120 million and a postretirement benefit obligation of \$172 million. As of July 31, 2022, we also recognized a pension asset of \$146 million based on the funded status of certain plans.

Net periodic pension and postretirement benefit expense (income) and actuarial losses (gains) included within net periodic pension and benefit expense (income) were as follows:

(Millions)	2022	2021	2020
Total net periodic pension and postretirement benefit expense (income)	\$ (7)	\$ (267)	\$ 93
Actuarial losses (gains)	\$ 44	\$ (203)	\$ 164

The actuarial losses recognized in 2022 were primarily due to losses on plan assets, partially offset by increases in discount rates used to determine the benefit obligation. The actuarial gains recognized in 2021 were primarily due to higher than anticipated investment gains on plan assets and increases in discount rates used to determine the benefit obligation. The actuarial losses recognized in 2020 were primarily due to decreases in discount rates used to determine the benefit obligation, partially offset by higher than anticipated investment gains on plan assets.

Based on benefit obligations and plan assets as of July 31, 2022, net periodic pension and postretirement benefit income excluding any actuarial losses or gains is estimated to be approximately \$35 million lower in 2023, subject to the impact of interim remeasurements. The decrease in 2023 is due to increases in discount rates used to determine the benefit obligations and a decline in the market value of plan assets.

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

	2022	2021	2020
<u>Pension</u>			
Discount rate for benefit obligations	4.58%	2.69%	2.47%
Expected return on plan assets	6.40%	5.82%	6.01%
<u>Postretirement</u>			
Discount rate for obligations	4.48%	2.37%	2.15%

Based on benefit obligations and plan assets as of July 31, 2022, estimated sensitivities to 2023 annual net periodic pension and postretirement cost are as follows:

- a 50-basis-point increase in the discount rate would result in expense of approximately \$6 million and would result in an immediate actuarial gain recognition of approximately \$69 million;
- a 50-basis-point decline in the discount rate would result in income of approximately \$6 million and would result in an immediate actuarial loss recognition of approximately \$76 million; and
- a 50-basis-point reduction in the estimated return on assets assumption would result in expense of approximately \$8 million.

There were no contributions to pension plans in 2022, and \$2 million in 2021 and 2020. Contributions to pension plans are not expected to be material in 2023.

See also Note 9 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 11 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 within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current expectations regarding our future results of operations, economic performance, financial condition and achievements. These forward-looking statements can be identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "pursue," "strategy," "target," "will" and similar expressions. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts, and may reflect anticipated cost savings or implementation of our strategic plan. These statements reflect our current plans and expectations and are based on information currently available to us. They rely on several 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:

- impacts of, and associated responses to the COVID-19 pandemic on our business, suppliers, customers, consumers and employees;
- our ability to execute on and realize the expected benefits from our strategy, including growing sales in snacks and growing/maintaining our market share position in soup;
- the impact of strong competitive responses to our efforts to leverage brand power with product innovation, promotional programs and new advertising;
- the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies;
- our ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions;
- disruptions in or inefficiencies to our supply chain and/or operations including the impacts of the COVID-19 pandemic;
- the risks related to the availability of, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging and transportation;
- risks related to the effectiveness of our hedging activities and our ability to respond to volatility in commodity prices;
- our ability to manage changes to our organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes;
- changes in consumer demand for our products and favorable perception of our brands;
- changing inventory management practices by certain of our key customers;
- a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of our key customers maintain significance to our business;
- product quality and safety issues, including recalls and product liabilities;
- 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;
- the uncertainties of litigation and regulatory actions against us;
- the costs, disruption and diversion of management's attention associated with activist investors;
- a disruption, failure or security breach of our or our vendors' information technology systems, including ransomware attacks;
- impairment to goodwill or other intangible assets;

- our ability to protect our intellectual property rights;
- increased liabilities and costs related to our defined benefit pension plans;
- our ability to attract and retain key talent;
- goals and initiatives related to, and the impacts of, climate change, including from weather-related events;
- negative changes and volatility in financial and credit markets, deteriorating economic conditions and other external factors, including changes in laws and regulations; and
- unforeseen business disruptions or other impacts due to political instability, civil disobedience, terrorism, armed hostilities (including the ongoing conflict between Russia and Ukraine), extreme weather conditions, natural disasters, other pandemics 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

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

	2022	2021	2020
	52 weeks	52 weeks	53 weeks
Net sales	\$ 8,562	\$ 8,476	\$ 8,691
Costs and expenses			
Cost of products sold	5,935	5,665	5,692
Marketing and selling expenses	734	817	947
Administrative expenses	617	598	622
Research and development expenses	87	84	93
Other expenses / (income)	21	(254)	221
Restructuring charges	5	21	9
Total costs and expenses	7,399	6,931	7,584
Earnings before interest and taxes	1,163	1,545	1,107
Interest expense	189	210	345
Interest income	1	1	4
Earnings before taxes	975	1,336	766
Taxes on earnings	218	328	174
Earnings from continuing operations	757	1,008	592
Earnings (loss) from discontinued operations	—	(6)	1,036
Net earnings	757	1,002	1,628
Less: Net earnings (loss) attributable to noncontrolling interests	—	—	—
Net earnings attributable to Campbell Soup Company	\$ 757	\$ 1,002	\$ 1,628
Per Share — Basic			
Earnings from continuing operations attributable to Campbell Soup Company	\$ 2.51	\$ 3.33	\$ 1.96
Earnings (loss) from discontinued operations	—	(.02)	3.43
Net earnings attributable to Campbell Soup Company	\$ 2.51	\$ 3.31	\$ 5.39
Weighted average shares outstanding — basic	301	303	302
Per Share — Assuming Dilution			
Earnings from continuing operations attributable to Campbell Soup Company	\$ 2.51	\$ 3.30	\$ 1.95
Earnings (loss) from discontinued operations	—	(.02)	3.41
Net earnings attributable to Campbell Soup Company⁽¹⁾	\$ 2.51	\$ 3.29	\$ 5.36
Weighted average shares outstanding — assuming dilution	302	305	304

⁽¹⁾ Sum of the individual amounts may not add due to rounding.

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Comprehensive Income
(millions)

	2022			2021			2020		
	52 weeks			52 weeks			53 weeks		
	Pre-tax amount	Tax benefit (expense)	After-tax amount	Pre-tax amount	Tax benefit (expense)	After-tax amount	Pre-tax amount	Tax benefit (expense)	After-tax amount
Net earnings			\$ 757			\$ 1,002			\$ 1,628
Other comprehensive income (loss):									
Foreign currency translation:									
Foreign currency translation adjustments	\$ (6)	\$ —	(6)	\$ 12	\$ —	12	\$ (1)	\$ —	(1)
Reclassification of currency translation adjustments realized upon disposal of business	—	—	—	—	—	—	206	4	210
Cash-flow hedges:									
Unrealized gains (losses) arising during period	17	(3)	14	(5)	1	(4)	3	(1)	2
Reclassification adjustment for losses (gains) included in net earnings	(12)	2	(10)	8	(1)	7	—	—	—
Pension and other postretirement benefits:									
Reclassification of prior service credit included in net earnings	(1)	—	(1)	(5)	1	(4)	(28)	6	(22)
Other comprehensive income (loss)	\$ (2)	\$ (1)	(3)	\$ 10	\$ 1	11	\$ 180	\$ 9	189
Total comprehensive income (loss)			\$ 754			\$ 1,013			\$ 1,817
Total comprehensive income (loss) attributable to noncontrolling interests			—			(4)			1
Total comprehensive income (loss) attributable to Campbell Soup Company			\$ 754			\$ 1,017			\$ 1,816

See accompanying Notes to Consolidated Financial Statements.

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

	July 31, 2022	August 1, 2021
Current assets		
Cash and cash equivalents	\$ 109	\$ 69
Accounts receivable, net	541	595
Inventories	1,246	933
Other current assets	67	98
Total current assets	1,963	1,695
Plant assets, net of depreciation	2,343	2,370
Goodwill	3,979	3,981
Other intangible assets, net of amortization	3,198	3,239
Other assets	409	449
Total assets	\$ 11,892	\$ 11,734
Current liabilities		
Short-term borrowings	\$ 814	\$ 48
Payable to suppliers and others	1,334	1,070
Accrued liabilities	621	576
Dividends payable	114	115
Accrued income taxes	3	5
Total current liabilities	2,886	1,814
Long-term debt	3,996	5,010
Deferred taxes	1,074	1,051
Other liabilities	603	705
Total liabilities	8,559	8,580
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	415	414
Earnings retained in the business	4,040	3,742
Capital stock in treasury, at cost	(1,138)	(1,021)
Accumulated other comprehensive income (loss)	2	5
Total Campbell Soup Company shareholders' equity	3,331	3,152
Noncontrolling interests	2	2
Total equity	3,333	3,154
Total liabilities and equity	\$ 11,892	\$ 11,734

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Cash Flows
(millions)

	2022	2021	2020
	52 weeks	52 weeks	53 weeks
Cash flows from operating activities:			
Net earnings	\$ 757	\$ 1,002	\$ 1,628
Adjustments to reconcile net earnings to operating cash flow			
Restructuring charges	5	21	9
Stock-based compensation	59	64	61
Pension and postretirement benefit expense (income)	(7)	(267)	93
Depreciation and amortization	337	317	328
Deferred income taxes	21	137	(6)
Net loss (gain) on sales of businesses	—	11	(975)
Loss on extinguishment of debt	4	—	75
Investment losses	—	—	49
Other	88	86	101
Changes in working capital, net of divestitures			
Accounts receivable	48	(20)	(30)
Inventories	(314)	(77)	(20)
Other current assets	25	(28)	(3)
Accounts payable and accrued liabilities	200	(164)	145
Other	(42)	(47)	(59)
Net cash provided by operating activities	1,181	1,035	1,396
Cash flows from investing activities:			
Purchases of plant assets	(242)	(275)	(299)
Purchases of route businesses	(1)	(2)	(11)
Sales of route businesses	2	10	11
Sales of businesses, net of cash divested	—	101	2,537
Proceeds from sale of investment	—	—	30
Other	11	8	4
Net cash provided by (used in) investing activities	(230)	(158)	2,272
Cash flows from financing activities:			
Short-term borrowings, including commercial paper and revolving line of credit	1,173	320	5,617
Short-term repayments, including commercial paper and revolving line of credit	(997)	(580)	(6,909)
Long-term borrowings	—	—	1,000
Long-term repayments	—	(921)	(499)
Dividends paid	(451)	(439)	(426)
Treasury stock purchases	(167)	(36)	—
Treasury stock issuances	3	2	23
Payments related to tax withholding for stock-based compensation	(18)	(15)	(12)
Payments related to extinguishment of debt	(453)	—	(1,769)
Payments of debt issuance costs	—	—	(12)
Net cash used in financing activities	(910)	(1,669)	(2,987)
Effect of exchange rate changes on cash	(1)	2	(1)
Net change in cash and cash equivalents	40	(790)	680
Cash and cash equivalents — beginning of period (including discontinued operations)	69	859	179
Less cash and cash equivalents discontinued operations - end of period	—	—	—
Cash and cash equivalents — end of period	\$ 109	\$ 69	\$ 859

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								Noncontrolling Interests	Total Equity
	Issued		In Treasury		Additional Paid-in Capital	Earnings Retained in the Business	Accumulated Other Comprehensive Income (Loss)			
	Shares	Amount	Shares	Amount						
Balance at July 28, 2019	323	\$ 12	(22)	\$ (1,076)	\$ 372	\$ 1,993	\$ (198)	\$ 9	\$ 1,112	
Net earnings (loss)						1,628		—	1,628	
Divestiture								(4)	(4)	
Other comprehensive income (loss)							188	1	189	
Dividends (\$1.40 per share)						(428)			(428)	
Treasury stock purchased			—	—					—	
Treasury stock issued under management incentive and stock option plans			1	53	22	(3)			72	
Balance at August 2, 2020	323	12	(21)	(1,023)	394	3,190	(10)	6	2,569	
Net earnings (loss)						1,002		—	1,002	
Other comprehensive income (loss)							15	(4)	11	
Dividends (\$1.46 per share)						(444)			(444)	
Treasury stock purchased			(1)	(36)					(36)	
Treasury stock issued under management incentive and stock option plans			1	38	20	(6)			52	
Balance at August 1, 2021	323	12	(21)	(1,021)	414	3,742	5	2	3,154	
Net earnings (loss)						757		—	757	
Other comprehensive income (loss)							(3)	—	(3)	
Dividends (\$1.48 per share)						(451)			(451)	
Treasury stock purchased			(4)	(167)					(167)	
Treasury stock issued under management incentive and stock option plans			1	50	1	(8)			43	
Balance at July 31, 2022	323	\$ 12	(24)	\$ (1,138)	\$ 415	\$ 4,040	\$ 2	\$ 2	\$ 3,333	

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

In this Report, 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.

Basis of Presentation — The consolidated financial statements include our accounts and entities in which we maintain a controlling financial interest and a variable interest entity (VIE) for which we were the primary beneficiary. Intercompany transactions are eliminated in consolidation. Our fiscal year ends on the Sunday nearest July 31. There were 52 weeks in 2022 and 2021, and 53 weeks in 2020.

Discontinued Operations — We present discontinued operations when there is a disposal of a component or a group of components that in our judgment represents a strategic shift that will have a major effect on our operations and financial results. We aggregate the results of operations for discontinued operations into a single line item in the Consolidated Statements of Earnings for all periods presented. General corporate overhead is not allocated to discontinued operations. See Note 3 for additional information.

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

Revenue Recognition — Our revenues primarily consist of the sale of food and beverage products through our own sales force and/or third-party brokers and distribution partners. Revenues are recognized when our performance obligation has been satisfied and control of the product passes to our customers, which typically occurs when products are delivered or accepted by customers in accordance with terms of agreements. Shipping and handling costs incurred to deliver the product are recorded within Cost of products sold. Amounts billed and due from our customers are classified as Accounts receivable in the Consolidated Balance Sheets and require payment on a short-term basis. Revenues are recognized net of provisions for returns, discounts and certain sales promotion expenses, such as feature price discounts, in-store display incentives, cooperative advertising programs, new product introduction fees and coupon redemption costs. These forms of variable consideration are recognized upon sale. The recognition of costs for promotion programs involves the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors, including expected volume. Historically, the difference between actual experience compared to estimated redemptions and performance has not been significant to the quarterly or annual financial statements. Differences between estimates and actual costs are recognized as a change in estimate in a subsequent period. Revenues are presented on a net basis for arrangements under which suppliers perform certain additional services. See Note 6 for additional information on disaggregation of revenue.

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

Inventories — All inventories are valued at the lower of average cost or net realizable value.

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

Goodwill and Intangible Assets — Goodwill and intangible assets deemed to have indefinite lives are not amortized but rather are tested at least annually in the fourth quarter 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 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 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 costs of capital and future economic and market conditions. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired. An impairment charge is recognized for the amount by which the carrying value of the reporting unit exceeds fair value, limited to the amount of goodwill in the reporting unit.

Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Fair value is determined using a relief from royalty valuation method based on discounted cash flow analyses that include

significant management assumptions such as revenue growth rates, weighted average costs of capital and assumed royalty rates. If the carrying value exceeds fair value, an impairment charge will be recorded to reduce the asset to fair value.

See Note 5 for more information.

Leases — We determine if an agreement is or contains a lease at inception by evaluating if an identified asset exists that we control for a period of time. When a lease exists, we record a right-of-use (ROU) asset and a corresponding lease liability on our Consolidated Balance Sheet. ROU assets represent our right to use an underlying asset for the lease term and the corresponding liabilities represent an obligation to make lease payments during the term. We have elected not to record leases with a term of 12 months or less on our Consolidated Balance Sheet.

ROU assets are recorded on our Consolidated Balance Sheet at lease commencement based on the present value of the corresponding liabilities and are adjusted for any prepayments, lease incentives received, or initial direct costs incurred. To calculate the present value of our lease liabilities, we use a country-specific collateralized incremental borrowing rate based on the lease term at commencement. The measurement of our ROU assets and liabilities includes all fixed payments and any variable payments based on an index or rate.

Our leases generally include options to extend or terminate use of the underlying assets. These options are included in the lease term used to determine ROU assets and corresponding liabilities when we are reasonably certain we will exercise.

Our lease arrangements typically include non-lease components, such as common area maintenance and labor. We account for each lease and any non-lease components associated with that lease as a single lease component for all underlying asset classes with the exception of certain production assets. Accordingly, all costs associated with a lease contract are disclosed as lease costs. This includes any variable payments that are not dependent on an index or a rate and which are expensed as incurred.

Operating leases expense is recognized on a straight-line basis over the lease term with the expense recorded in Cost of products sold, Marketing and selling expenses, or Administrative expenses depending on the nature of the leased item.

For finance leases, the amortization of ROU lease assets is recognized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or the lease term in Cost of products sold, Marketing and selling expenses, or Administrative expenses depending on the nature of the leased item. Interest expense on finance lease obligations is recorded using the effective interest method over the lease term and is recorded in Interest expense.

All operating lease cash payments and interest on finance leases are recorded within Net cash provided by operating activities and all finance lease principal payments are recorded within Net cash used in financing activities in our Consolidated Statements of Cash Flows.

See Note 10 for more information.

Derivative Financial Instruments — We use derivative financial instruments primarily for purposes of hedging exposures to fluctuations in foreign currency exchange rates, interest rates, commodities and equity-linked employee benefit obligations. We enter into these derivative contracts for periods consistent with the 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. Our derivative programs include strategies that qualify and strategies that do not qualify for hedge accounting treatment. To qualify for hedge accounting, the hedging relationship, both at inception of the hedge and on an ongoing basis, is expected to be highly effective in achieving offsetting changes in the fair value of the hedged risk during the period that the hedge is designated.

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

Changes in the fair value on the portion of the derivative included in the assessment of hedge effectiveness of a fair-value hedge, along with the gain or loss on the underlying hedged asset or liability (including losses or gains on firm commitments), are recorded in current-period earnings. Changes in the fair value on the portion of the derivative included in the assessment of hedge effectiveness of cash-flow hedges are recorded in other comprehensive income (loss), until earnings are affected by the variability of cash flows. For derivatives that are designated and qualify as hedging instruments, the initial fair value of hedge components excluded from the assessment of effectiveness is recognized in earnings under a systematic and rational method over the life of the hedging instrument and is presented in the same statement of earnings line item as the earnings effect of the hedged item. Any difference between the change in the fair value of the hedge components excluded from the assessment of effectiveness and the amounts recognized in earnings is recorded as a component of other comprehensive income (loss). Changes in the fair value of derivatives that are not designated for hedge accounting are recognized in current-period earnings.

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

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

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

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

2. Recent Accounting Pronouncements

Recently Adopted

In August 2018, the Financial Accounting Standards Board (FASB) issued guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within those years. We adopted the guidance in the first quarter of 2021. The adoption did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued guidance on accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance is effective for fiscal years beginning after December 15, 2019. Entities have the option to apply the guidance prospectively to all implementation costs incurred after the date of adoption or retrospectively. Early adoption is permitted. We adopted the guidance on a prospective basis in the first quarter of 2021. The adoption did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued guidance that changes the disclosure requirements related to defined benefit pension and postretirement plans. The guidance is effective for fiscal years ending after December 15, 2020. The guidance is to be applied on a retrospective basis. We adopted the guidance in 2021. The adoption did not have a material impact on our consolidated financial statements.

In December 2019, the FASB issued guidance on simplifying the accounting for income taxes. The guidance removes certain exceptions to the general principles of accounting for income taxes and also improves consistent application of accounting by clarifying or amending existing guidance. We adopted the guidance in the first quarter of 2022. The adoption did not have an impact on our consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued guidance that provides optional expedients and exceptions for a limited period of time for accounting for contracts, hedging relationships and other transactions affected by the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued. Optional expedients can be applied from March 12, 2020, through December 31, 2022. The adoption is not expected to have a material impact on our consolidated financial statements.

3. Divestitures

Discontinued Operations

We completed the sale of our Kelsen business on September 23, 2019, for \$322 million. We also completed the sale of our Arnott's business and certain other international operations, including the simple meals and shelf-stable beverages businesses in Australia and Asia Pacific (the Arnott's and other international operations), on December 23, 2019, for \$2.286 billion. The purchase price was subject to certain post-closing adjustments, which resulted in \$4 million of additional proceeds in the third quarter of 2020. Beginning in the fourth quarter of 2019, we have reflected the results of operations of the Kelsen business and the Arnott's and other international operations (collectively referred to as Campbell International) as discontinued operations in the Consolidated Statements of Earnings for all periods presented. These businesses were historically included in the Snacks reportable segment.

Results of discontinued operations were as follows:

(Millions)	2020
Net sales	\$ 359
Earnings before taxes from operations	\$ 53
Taxes on earnings from operations	17
Gain on sales of businesses / costs associated with selling the businesses	1,039
Tax expense on sales / costs associated with selling the businesses	39
Earnings from discontinued operations	\$ 1,036

In addition, in the third quarter of 2021, we recognized a \$6 million loss due to tax expense from return-to-provision adjustments related to the sale of Campbell International.

The sale of the Arnott's and other international operations resulted in a substantial capital gain for tax purposes. We were able to utilize capital losses in 2020, which were offset with valuation allowances as of July 28, 2019, to offset the capital gain.

Under the terms of the sale of the Arnott's and other international operations, we entered into a long-term licensing arrangement for the exclusive rights to certain Campbell brands in certain non-U.S. markets. We provided certain transition services to support the divested businesses.

The significant operating non-cash items, capital expenditures and sale proceeds of discontinued operations were as follows:

(Millions)	2020
Cash flows from discontinued operating activities:	
Net gain on sales of discontinued operations businesses	\$ (1,039)
Cash flows from discontinued investing activities:	
Capital expenditures	\$ 30
Sales of discontinued operations businesses, net of cash divested	2,466

Other Divestitures

On October 11, 2019, we completed the sale of our European chips business for £63 million, or \$77 million. The pre-tax loss recognized in the first quarter of 2020 on the sale was \$64 million, which included the impact of allocated goodwill and foreign currency translation adjustments. For tax purposes, we were able to use the capital loss on this sale to offset a portion of the capital gain from the sale of the Arnott's and other international operations. The after-tax loss was \$37 million. The European chips business had net sales of \$25 million in 2020. Earnings from the business were not material. The results of the European chips business through the date of sale were reflected in continuing operations within the Snacks reportable segment.

On May 3, 2021, we completed the sale of our Plum baby food and snacks business for \$101 million. The purchase agreement contained customary representations, warranties, indemnifications and other obligations between us and the buyer. In addition, we have agreed to indemnify the buyer for certain claims against the Plum baby food and snacks business alleging the presence of heavy metals in the products manufactured or sold on or prior to May 2, 2021, that were pending at the time of closing of the transaction or are asserted within two years thereafter. We recognized a pre-tax loss of \$11 million and an after-tax gain on the sale of \$3 million. The business had net sales of \$68 million in 2021 and \$104 million in 2020. Earnings were not material in the periods. The results of the business through the date of sale were reflected in continuing operations within the Meals & Beverages reportable segment.

4. Accumulated Other Comprehensive Income (Loss)

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

(Millions)	Foreign Currency Translation Adjustments ⁽¹⁾	Cash-Flow Hedges ⁽²⁾	Pension and Postretirement Benefit Plan Adjustments ⁽³⁾	Total Accumulated Comprehensive Income (Loss)
Balance at July 28, 2019	\$ (218)	\$ (9)	\$ 29	\$ (198)
Other comprehensive income (loss) before reclassifications	(2)	2	—	—
Losses (gains) reclassified from accumulated other comprehensive income (loss) ⁽⁴⁾	210	—	(22)	188
Net current-period other comprehensive income (loss)	208	2	(22)	188
Balance at August 2, 2020	\$ (10)	\$ (7)	\$ 7	\$ (10)
Other comprehensive income (loss) before reclassifications	16	(4)	—	12
Losses (gains) reclassified from accumulated other comprehensive income (loss)	—	7	(4)	3
Net current-period other comprehensive income (loss)	16	3	(4)	15
Balance at August 1, 2021	\$ 6	\$ (4)	\$ 3	\$ 5
Other comprehensive income (loss) before reclassifications	(6)	14	—	8
Losses (gains) reclassified from accumulated other comprehensive income (loss)	—	(10)	(1)	(11)
Net current-period other comprehensive income (loss)	(6)	4	(1)	(3)
Balance at July 31, 2022	\$ —	\$ —	\$ 2	\$ 2

⁽¹⁾ Included no tax as of July 31, 2022, August 1, 2021, and August 2, 2020, and a tax expense of \$4 million as of July 28, 2019.

⁽²⁾ Included no tax as of July 31, 2022, and a tax benefit of \$1 million as of August 1, 2021 and August 2, 2020, and \$2 million as of July 28, 2019.

⁽³⁾ Included a tax expense of \$1 million as of July 31, 2022 and August 1, 2021, \$2 million as of August 2, 2020, and \$8 million as of July 28, 2019.

⁽⁴⁾ Reflects the reclassification from sale of businesses. See Note 3 for additional information.

Amounts related to noncontrolling interests were not material.

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

(Millions)	2022	2021	2020	Location of Loss (Gain) Recognized in Earnings
Foreign currency translation adjustments:				
Currency translation losses (gains) realized upon disposal of businesses	\$ —	\$ —	\$ 23	Other expenses / (income)
Currency translation losses (gains) realized upon disposal of businesses	—	—	183	Earnings (loss) from discontinued operations
Total before tax	—	—	206	
Tax expense (benefit)	—	—	4	
Loss (gain), net of tax	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 210</u>	
Losses (gains) on cash-flow hedges:				
Commodity contracts	\$ (14)	\$ —	\$ —	Cost of products sold
Foreign exchange forward contracts	1	6	(2)	Cost of products sold
Foreign exchange forward contracts	—	1	—	Other expenses / (income)
Foreign exchange forward contracts	—	—	1	Earnings (loss) from discontinued operations
Forward starting interest rate swaps	1	1	1	Interest expense
Total before tax	(12)	8	—	
Tax expense (benefit)	2	(1)	—	
Loss (gain), net of tax	<u>\$ (10)</u>	<u>\$ 7</u>	<u>\$ —</u>	
Pension and postretirement benefit adjustments:				
Prior service credit	\$ (1)	\$ (5)	\$ (28)	Other expenses / (income)
Tax expense (benefit)	—	1	6	
Loss (gain), net of tax	<u>\$ (1)</u>	<u>\$ (4)</u>	<u>\$ (22)</u>	

5. Goodwill and Intangible Assets

Goodwill

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

(Millions)	Meals & Beverages	Snacks	Total
Net balance at August 2, 2020	\$ 975	\$ 3,011	\$ 3,986
Divestiture ⁽¹⁾	(12)	—	(12)
Foreign currency translation adjustment	7	—	7
Net balance at August 1, 2021	\$ 970	\$ 3,011	\$ 3,981
Amounts reclassified due to segment change ⁽²⁾	25	(25)	—
Foreign currency translation adjustment	(2)	—	(2)
Net balance at July 31, 2022	\$ 993	\$ 2,986	\$ 3,979

⁽¹⁾ See Note 3 for additional information on the sale of the Plum baby and snack foods business.

⁽²⁾ See Note 6 for additional information.

Intangible Assets

The following table summarizes balance sheet information for intangible assets, excluding goodwill:

(Millions)	2022			2021		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Amortizable intangible assets						
Customer relationships	\$ 830	\$ (181)	\$ 649	\$ 830	\$ (140)	\$ 690
Non-amortizable intangible assets						
Trademarks			2,549			2,549
Total net intangible assets			\$ 3,198			\$ 3,239

Amortization of intangible assets in Earnings from continuing operations was \$41 million for 2022, \$42 million for 2021 and \$43 million for 2020. As of July 31, 2022, amortizable intangible assets had a weighted-average remaining useful life of 16 years. Amortization expense for the next five years is estimated to be approximately \$41 million per year.

The carrying values of indefinite-lived trademarks as of July 31, 2022 and August 1, 2021, are detailed below:

(Millions)	
<i>Snyder's of Hanover</i>	\$ 620
<i>Lance</i>	350
<i>Kettle Brand</i>	318
<i>Pace</i>	292
<i>Pacific Foods</i>	280
Various other Snacks ⁽¹⁾	689
Total	\$ 2,549

⁽¹⁾ Associated with the acquisition of Snyder's-Lance, Inc. (Snyder's-Lance).

As of the 2022 impairment testing, indefinite-lived trademarks with 10% or less of excess coverage of fair value over carrying value had an aggregate carrying value of \$434 million and included *Pacific Foods* and certain other Snacks trademarks.

The estimates of future cash flows used in determining the fair value of goodwill and intangible assets involve significant 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 changes in capital markets. The actual cash flows could differ materially from management's estimates due to changes in business conditions, operating performance and economic conditions.

6. Segment Information

Our reportable segments are as follows:

- Meals & Beverages, which consists of our soup, simple meals and beverages products in retail and foodservice in the U.S. and Canada. The segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Pacific Foods* broth, soups and non-dairy beverages; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; *V8* juices and beverages; and *Campbell's* tomato juice. The segment also includes snacking products in foodservice and Canada. The segment included the results of our Plum baby food and snacks business, which was sold on May 3, 2021; and
- Snacks, which consists of Pepperidge Farm cookies*, crackers, fresh bakery and frozen products, including *Goldfish* crackers*, *Snyder's of Hanover* pretzels*, *Lance* sandwich crackers*, *Cape Cod* potato chips*, *Kettle Brand* potato chips*, *Late July* snacks*, *Snack Factory* pretzel crisps*, *Pop Secret* popcorn, *Emerald* nuts, and other snacking products in retail in the U.S. Beginning in 2022, we refer to the * brands as our "power brands." The segment includes the retail business in Latin America. The segment also included the results of our European chips business, which was sold on October 11, 2019.

Beginning in 2022, the foodservice and Canadian business formerly included in our Snacks segment is now managed as part of the Meals & Beverages segment. Segment results have been adjusted retrospectively to reflect this change.

We evaluate segment performance before interest, taxes and costs associated with restructuring activities and impairment charges. Unrealized gains and losses on outstanding undesignated commodity hedging activities are excluded from segment operating earnings and are recorded in Corporate as these open positions represent hedges of future purchases. Upon closing of the contracts, the realized gain or loss is transferred to segment operating earnings, which allows the segments to reflect the economic effects of the hedge without exposure to quarterly volatility of unrealized gains and losses. Only the service cost component of pension and postretirement expense is allocated to segments. All other components of expense, including interest cost, expected return on assets, amortization of prior service credits and recognized actuarial gains and losses are reflected in Corporate and not included in segment operating results. Asset information by segment is not discretely maintained for internal reporting or used in evaluating performance.

Our largest customer, Wal-Mart Stores, Inc. and its affiliates, accounted for approximately 22% of consolidated net sales from continuing operations in 2022, and 21% in 2021 and 2020. Both of our reportable segments sold products to Wal-Mart Stores, Inc. or its affiliates.

(Millions)	2022	2021	2020
Net sales			
Meals & Beverages	\$ 4,607	\$ 4,621	\$ 4,747
Snacks	3,955	3,855	3,944
Total	\$ 8,562	\$ 8,476	\$ 8,691
	2022	2021	2020
Earnings before interest and taxes			
Meals & Beverages	\$ 874	\$ 922	\$ 1,009
Snacks	517	514	525
Corporate income (expense) ⁽¹⁾	(223)	130	(418)
Restructuring charges ⁽²⁾	(5)	(21)	(9)
Total	\$ 1,163	\$ 1,545	\$ 1,107
	2022	2021	2020
Depreciation and amortization			
Meals & Beverages	\$ 131	\$ 128	\$ 134
Snacks	185	169	175
Corporate ⁽³⁾	21	20	19
Total	\$ 337	\$ 317	\$ 328

(Millions)	2022	2021	2020
Capital expenditures			
Meals & Beverages	\$ 76	\$ 61	\$ 52
Snacks	120	153	153
Corporate ⁽³⁾	46	61	64
Discontinued operations	—	—	30
Total	\$ 242	\$ 275	\$ 299

⁽¹⁾ Represents unallocated items. Pension and postretirement actuarial gains and losses are included in Corporate. There were actuarial losses of \$44 million in 2022, gains of \$203 million in 2021, and losses of \$164 million in 2020, respectively. Costs related to the cost savings initiatives were \$26 million, \$32 million and \$60 million in 2022, 2021 and 2020, respectively. Unrealized mark-to-market adjustments on outstanding undesignated commodity hedges were losses of \$59 million in 2022, gains of \$50 million in 2021, and gains of \$2 million in 2020, respectively. A loss of \$11 million on the sale of the Plum baby food and snacks business was included in 2021. A loss of \$64 million on the sale of our European chips business was included in 2020. A loss of \$45 million on Acre Venture Partners, L.P. (Acre) was included in 2020. See Note 14 for additional information on Acre.

⁽²⁾ See Note 7 for additional information.

⁽³⁾ Represents primarily corporate offices and enterprise-wide information technology systems.

Our net sales based on product categories are as follows:

(Millions)	2022	2021	2020
Net sales			
Soup	\$ 2,615	\$ 2,568	\$ 2,653
Snacks	4,103	3,989	4,099
Other simple meals	1,091	1,134	1,184
Beverages	753	785	755
Total	\$ 8,562	\$ 8,476	\$ 8,691

Soup includes various soup, broths and stock products. Snacks include cookies, pretzels, crackers, popcorn, nuts, potato chips, tortilla chips and other salty snacks and baked products. Other simple meals include sauces, gravies, pasta, beans, canned poultry and Plum products through May 3, 2021, when the business was sold. Beverages include V8 juices and beverages, Campbell's tomato juice and Pacific Foods non-dairy beverages.

We are a North American focused company with over 90% of our net sales and long-lived assets related to our U.S. operations.

7. Restructuring Charges and Cost Savings Initiatives

Multi-year Cost Savings Initiatives and Snyder's-Lance Cost Transformation Program and Integration

Beginning in fiscal 2015, we implemented initiatives to reduce costs and to streamline our organizational structure.

Over the years, we expanded these initiatives by continuing to optimize our supply chain and manufacturing networks, including closing our manufacturing facility in Toronto, Ontario, as well as our information technology infrastructure.

On March 26, 2018, we completed the acquisition of Snyder's-Lance. Prior to the acquisition, Snyder's-Lance launched a cost transformation program following a comprehensive review of its operations with the goal of significantly improving its financial performance. We continued to implement this program and identified opportunities for additional cost synergies as we integrated Snyder's-Lance.

In 2022, we expanded these initiatives as we continue to pursue cost savings by further optimizing our supply chain and manufacturing network and through effective cost management. Cost estimates for these expanded initiatives, as well as timing for certain activities, are continuing to be developed.

A summary of the pre-tax charges recorded in Earnings from continuing operations related to these initiatives is as follows:

(Millions)	2022	2021	2020	Recognized as of July 31, 2022
Restructuring charges	\$ 5	\$ 21	\$ 9	\$ 264
Administrative expenses	20	28	48	359
Cost of products sold	5	3	9	84
Marketing and selling expenses	1	1	2	14
Research and development expenses	—	—	1	4
Total pre-tax charges	\$ 31	\$ 53	\$ 69	\$ 725

A summary of the pre-tax costs in Earnings from continuing operations associated with the initiatives is as follows:

(Millions)	Recognized as of July 31, 2022
Severance pay and benefits	\$ 227
Asset impairment/accelerated depreciation	82
Implementation costs and other related costs	416
Total	\$ 725

The total estimated pre-tax costs for actions associated with continuing operations that have been identified are approximately \$735 million to \$740 million and we expect to incur the costs through 2023. These estimates will be updated as the expanded initiatives are developed.

We expect the costs for actions associated with continuing operations that have been identified to date to consist of the following: approximately \$230 million in severance pay and benefits; approximately \$85 million in asset impairment and accelerated depreciation; and approximately \$420 million to \$425 million in implementation costs and other related costs. We expect these pre-tax costs to be associated with our segments as follows: Meals & Beverages - approximately 31%; Snacks - approximately 44%; and Corporate - approximately 25%.

Of the aggregate \$735 million to \$740 million of pre-tax costs associated with continuing operations identified to date, we expect approximately \$635 million to \$640 million will be cash expenditures. In addition, we expect to invest approximately \$445 million in capital expenditures through 2023, of which we invested \$440 million as of July 31, 2022. The capital expenditures primarily relate to a U.S. warehouse optimization project, improvement of quality, safety and cost structure across the Snyder's-Lance manufacturing network, implementation of our existing SAP enterprise-resource planning system for Snyder's-Lance, transition of production of the Toronto manufacturing facility to our U.S. thermal plants, optimization of information technology infrastructure and applications and optimization of the Snyder's-Lance warehouse and distribution network.

A summary of the restructuring activity and related reserves associated with continuing operations at July 31, 2022, is as follows:

(Millions)	Severance Pay and Benefits	Implementation Costs and Other Related Costs ⁽³⁾	Asset Impairment/Accelerated Depreciation	Other Non- Cash Exit Costs ⁽⁴⁾	Total Charges
Accrued balance at August 2, 2020 ⁽¹⁾	\$ 15				
2021 charges	6	27	15	5	\$ 53
2021 cash payments	(14)				
Accrued balance at August 1, 2021 ⁽²⁾	\$ 7				
2022 charges	5	26	—	—	\$ 31
2022 cash payments	(5)				
Accrued balance at July 31, 2022	\$ 7				

⁽¹⁾ Includes \$3 million of severance pay and benefits recorded in Other liabilities in the Consolidated Balance Sheet.

⁽²⁾ Includes \$1 million of severance pay and benefits recorded in Other liabilities in the Consolidated Balance Sheet.

(3) Includes other costs recognized as incurred that are not reflected in the restructuring reserve in the Consolidated Balance Sheet. The costs are included in Administrative expenses, Cost of products sold and Marketing and selling expenses in the Consolidated Statements of Earnings.

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

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 in Earnings from continuing operations associated with segments is as follows:

(Millions)	2022	Costs Incurred to Date
Meals & Beverages	\$ 2	\$ 225
Snacks	22	321
Corporate	7	179
Total	<u>\$ 31</u>	<u>\$ 725</u>

In addition, in the second quarter of 2021, we recorded a \$19 million deferred tax charge in connection with a legal entity reorganization as part of the continued integration of Snyder's-Lance.

8. Earnings per Share (EPS)

For the periods presented in the Consolidated Statements of Earnings, the calculations of basic EPS and EPS assuming dilution vary in that the weighted average shares outstanding assuming dilution include the incremental effect of stock options and other share-based payment awards, except when such effect would be antidilutive. The earnings per share calculation for 2022, 2021 and 2020 excludes approximately 1 million stock options that would have been antidilutive.

9. Pension and Postretirement Benefits

Pension Benefits — We sponsor a number of noncontributory defined benefit pension plans to provide retirement benefits to eligible U.S. and non-U.S. employees. The benefits provided under these plans are based primarily on years of service and compensation levels. Benefits are paid from funds previously provided to trustees or are paid directly by us from general funds. In 1999, we implemented significant amendments to certain U.S. pension plans. Under a new formula, retirement benefits are determined based on percentages of annual pay and age. To minimize the impact of converting to the new formula, service and earnings credit continued to accrue for fifteen years for certain active employees participating in the plans under the old formula prior to the amendments. Employees will receive the benefit from either the new or old formula, whichever is higher. Effective as of January 1, 2011, our U.S. pension plans were amended so that employees hired or rehired on or after that date and who are not covered by collective bargaining agreements will not be eligible to participate in the plans. All collective bargaining units adopted this amendment by December 31, 2011.

Postretirement Benefits — We provide postretirement benefits, including health care and life insurance to eligible retired U.S. employees, and where applicable, their dependents. Accordingly, we sponsor a retiree medical program for eligible retired U.S. employees and fund applicable retiree medical accounts intended to provide reimbursement for eligible health care expenses on a tax-favored basis for retirees who satisfy certain eligibility requirements. Effective as of January 1, 2019, we no longer sponsor our own retiree medical coverage for substantially all retired U.S. employees that are Medicare eligible. Instead, we offer these Medicare-eligible retirees access to health care coverage through a private exchange and offer a health reimbursement account to subsidize benefits for a select group of such retirees. We also provide postretirement life insurance to all eligible U.S. employees who retired prior to January 1, 2018, as well as certain eligible retired employees covered by one of our collective bargaining agreements.

Determining net periodic benefit expense (income) is dependent on various actuarial assumptions, including discount rates, expected return on plan assets, compensation increases, turnover rates and health care trend rates. Actuarial gains and losses are recognized immediately in Other expenses / (income) in the Consolidated Statements of Earnings as of the measurement date, which is our fiscal year end, or more frequently if an interim remeasurement is required. We use the fair value of plan assets to calculate the expected return on plan assets.

Components of net periodic benefit expense (income) were as follows:

(Millions)	Pension		
	2022	2021	2020
Service cost	\$ 16	\$ 18	\$ 19
Interest cost	49	41	65
Expected return on plan assets	(118)	(122)	(134)
Amortization of prior service cost	—	—	—
Actuarial losses (gains)	80	(197)	141
Net periodic benefit expense (income)	\$ 27	\$ (260)	\$ 91

The components of net periodic benefit expense (income) other than the service cost component associated with continuing operations are included in Other expenses / (income) in the Consolidated Statements of Earnings.

The actuarial losses recognized in 2022 were primarily due to losses on plan assets, partially offset by increases in discount rates used to determine the benefit obligation. The actuarial gains recognized in 2021 were primarily due to higher than anticipated investment gains on plan assets and increases in discount rates used to determine the benefit obligation. The actuarial losses recognized in 2020 were primarily due to decreases in discount rates used to determine the benefit obligation, partially offset by higher than anticipated investment gains on plan assets.

Net periodic benefit expense (income) associated with discontinued operations was not material in 2020.

(Millions)	Postretirement		
	2022	2021	2020
Service cost	\$ —	\$ —	\$ 1
Interest cost	3	4	6
Amortization of prior service credit	(1)	(5)	(28)
Actuarial losses (gains)	(36)	(6)	23
Net periodic benefit expense (income)	\$ (34)	\$ (7)	\$ 2

The components of net periodic benefit expense (income) other than the service cost component associated with continuing operations are included in Other expenses / (income) in the Consolidated Statements of Earnings.

The actuarial gains recognized in 2022 and 2021 were primarily due to increases in discount rates used to determine the benefit obligation. The actuarial losses recognized in 2020 were primarily due to decreases in discount rates used to determine the benefit obligation.

Change in benefit obligation:

(Millions)	Pension		Postretirement	
	2022	2021	2022	2021
Obligation at beginning of year	\$ 2,186	\$ 2,366	\$ 222	\$ 244
Service cost	16	18	—	—
Interest cost	49	41	3	4
Actuarial loss (gain)	(310)	(43)	(36)	(6)
Benefits paid	(106)	(152)	(17)	(20)
Settlements	(89)	(53)	—	—
Other	(6)	(2)	—	—
Foreign currency adjustment	(3)	11	—	—
Benefit obligation at end of year	\$ 1,737	\$ 2,186	\$ 172	\$ 222

Change in the fair value of pension plan assets:

(Millions)	2022	2021
Fair value at beginning of year	\$ 2,220	\$ 2,120
Actual return on plan assets	(272)	276
Employer contributions	—	2
Benefits paid	(92)	(138)
Settlements	(89)	(53)
Foreign currency adjustment	(4)	13
Fair value at end of year	<u>\$ 1,763</u>	<u>\$ 2,220</u>

Net amounts recognized in the Consolidated Balance Sheets:

(Millions)	Pension		Postretirement	
	2022	2021	2022	2021
Other assets	\$ 146	\$ 190	\$ —	\$ —
Accrued liabilities	13	14	19	23
Other liabilities	107	142	153	199
Net amounts recognized asset / (liability)	<u>\$ 26</u>	<u>\$ 34</u>	<u>\$ (172)</u>	<u>\$ (222)</u>

Amounts recognized in accumulated other comprehensive income (loss) consist of:

(Millions)	Pension		Postretirement	
	2022	2021	2022	2021
Prior service credit (cost)	\$ (1)	\$ (1)	\$ 4	\$ 5

The change in amounts recognized in accumulated other comprehensive income (loss) associated with postretirement benefits was due to amortization in 2022 and 2021.

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

(Millions)	2022	2021
Projected benefit obligation	\$ 120	\$ 156
Accumulated benefit obligation	\$ 118	\$ 154
Fair value of plan assets	\$ —	\$ —

The accumulated benefit obligation for all pension plans was \$1.716 billion at July 31, 2022, and \$2.159 billion at August 1, 2021.

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

	Pension		Postretirement	
	2022	2021	2022	2021
Discount rate	4.58%	2.69%	4.48%	2.37%
Rate of compensation increase	3.23%	3.23%	3.25%	3.25%
Interest crediting rate	4.00%	4.00%	Not applicable	

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

	Pension		
	2022	2021	2020
Discount rate	3.13%	2.47%	3.46%
Expected return on plan assets	5.82%	6.01%	6.85%
Rate of compensation increase	3.23%	3.23%	3.20%
Interest crediting rate	4.00%	4.00%	4.00%

The discount rate is established as of the 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.

The discount rate used to determine net periodic postretirement expense was 2.37% in 2022, 2.15% in 2021, and 3.28% in 2020.

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

	<u>2022</u>	<u>2021</u>
Health care cost trend rate assumed for next year	6.50%	6.25%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.00%	4.50%
Year that the rate reaches the ultimate trend rate	2027	2025

Pension Plan Assets

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

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

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

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

Our year-end pension plan weighted-average asset allocations by category were:

	<u>Strategic Target</u>	<u>2022</u>	<u>2021</u>
Equity securities	33%	34%	36%
Debt securities	60%	59%	57%
Real estate and other	7%	7%	7%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

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

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

The following table presents our pension plan assets by asset category at July 31, 2022, and August 1, 2021:

(Millions)	Fair Value as of July 31, 2022	Fair Value Measurements at July 31, 2022 Using Fair Value Hierarchy			Fair Value as of August 1, 2021	Fair Value Measurements at August 1, 2021 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Short-term investments	\$ 33	\$ 27	\$ 6	\$ —	\$ 43	\$ 41	\$ 2	\$ —
Equities:								
U.S.	78	75	3	—	106	100	6	—
Non-U.S.	162	162	—	—	234	233	1	—
Corporate bonds:								
U.S.	571	—	571	—	723	—	723	—
Non-U.S.	119	—	119	—	138	—	138	—
Government and agency bonds:								
U.S.	224	—	224	—	198	—	198	—
Non-U.S.	20	—	20	—	33	—	33	—
Municipal bonds	19	—	19	—	29	—	29	—
Mortgage and asset backed securities	15	—	15	—	10	—	10	—
Real estate	4	2	—	2	5	2	—	3
Hedge funds	11	—	—	11	30	—	—	30
Derivative assets	10	—	10	—	6	—	6	—
Derivative liabilities	(5)	—	(5)	—	(3)	—	(3)	—
Total assets at fair value	\$ 1,261	\$ 266	\$ 982	\$ 13	\$ 1,552	\$ 376	\$ 1,143	\$ 33
Investments measured at net asset value:								
Short-term investments	\$ 27				\$ 26			
Commingled equity funds	307				438			
Commingled fixed income funds	87				117			
Real estate	99				87			
Hedge funds	14				34			
Total investments measured at net asset value:	\$ 534				\$ 702			
Other items to reconcile to fair value	(32)				(34)			
Total pension plan assets at fair value	\$ 1,763				\$ 2,220			

Short-term investments — Investments include cash and cash equivalents, and various short-term debt instruments and short-term investment funds. Institutional short-term investment vehicles valued daily are classified as Level 1 at cost which approximates market value. Short-term debt instruments are classified at Level 2 and are valued based on bid quotations and recent trade data for identical or similar obligations. Other investments valued based upon net asset value are included as a reconciling item to the fair value table.

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

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

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

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

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

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

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

Derivatives — Derivative financial instruments include forward currency contracts, futures contracts, options contracts, interest rate swaps and credit default swaps. Derivative financial instruments are classified as Level 2 and are valued based on observable market transactions or prices.

Commingled funds — Investments in commingled funds are not traded in active markets. Commingled funds are valued based on the net asset values of such funds and are included as a reconciling item to the fair value table.

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

The following table summarizes the changes in fair value of Level 3 investments for the years ended July 31, 2022, and August 1, 2021:

(Millions)	Real Estate	Hedge Funds	Total
Fair value at August 1, 2021	\$ 3	\$ 30	\$ 33
Actual return on plan assets	—	1	1
Purchases, sales and settlements, net	(1)	(20)	(21)
Transfers out of Level 3	—	—	—
Fair value at July 31, 2022	\$ 2	\$ 11	\$ 13

(Millions)	Real Estate	Hedge Funds	Total
Fair value at August 2, 2020	\$ 3	\$ 31	\$ 34
Actual return on plan assets	—	2	2
Purchases, sales and settlements, net	—	(3)	(3)
Transfers out of Level 3	—	—	—
Fair value at August 1, 2021	\$ 3	\$ 30	\$ 33

Estimated future benefit payments are as follows:

(Millions)	Pension	Postretirement
2023	\$ 168	\$ 20
2024	\$ 155	\$ 18
2025	\$ 147	\$ 17
2026	\$ 142	\$ 15
2027	\$ 138	\$ 15
2028-2032	\$ 619	\$ 62

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

We do not expect contributions to pension plans to be material in 2023.

Defined Contribution Plans — We sponsor a 401(k) Retirement Plan that covers substantially all U.S. employees and provide a matching contribution of 100% of employee contributions up to 4% of eligible compensation. In addition, for

employees not eligible to participate in defined benefit plans that we sponsor, we provide a contribution equal to 3% of eligible compensation regardless of their participation in the 401(k) Retirement Plan. Through December 31, 2019, all Snyder's-Lance U.S. employees were eligible to participate in a 401(k) retirement plan sponsored by Snyder's-Lance that provided participants with matching contributions equal to 100% of the first 4% and 50% of the next 1% of eligible compensation. As of January 1, 2020, Snyder's-Lance employees were transitioned to the 401(k) Retirement Plan and receive the same contributions under the 401(k) Retirement Plan noted above. Amounts charged to Costs and expenses of continuing operations were \$69 million in 2022, \$64 million in 2021 and \$62 million in 2020.

10. Leases

We lease warehouse and distribution facilities, office space, manufacturing facilities, equipment and vehicles, primarily through operating leases.

Leases recorded on our Consolidated Balance Sheet have remaining terms primarily from 1 to 13 years.

Our fleet leases generally include residual value guarantees that are assessed at lease inception in determining ROU assets and corresponding liabilities. No other significant restrictions or covenants are included in our leases.

The components of lease costs were as follows:

(Millions)	2022	2021	2020
Operating lease cost	\$ 79	\$ 80	\$ 81
Finance lease - amortization of ROU assets	17	6	2
Short-term lease cost	56	48	39
Variable lease cost ⁽¹⁾	202	201	172
Sublease income	—	(2)	(3)
Total ⁽²⁾	<u>\$ 354</u>	<u>\$ 333</u>	<u>\$ 291</u>

⁽¹⁾ Includes labor and other overhead included in our service contracts with embedded leases.

⁽²⁾ Total lease cost in 2020 included \$4 million related to discontinued operations.

The following table summarizes the lease amounts recorded in the Consolidated Balance Sheets:

(Millions)	Balance Sheet Classification	Operating Leases	
		2022	2021
ROU assets, net	Other assets	\$ 239	\$ 235
Lease liabilities (current)	Accrued liabilities	\$ 62	\$ 54
Lease liabilities (noncurrent)	Other liabilities	\$ 177	\$ 180

(Millions)	Balance Sheet Classification	Financing Leases	
		2022	2021
ROU assets, net	Plant assets, net of depreciation	\$ 28	\$ 29
Lease liabilities (current)	Short-term borrowings	\$ 14	\$ 11
Lease liabilities (noncurrent)	Long-term debt	\$ 16	\$ 19

Weighted-average lease terms and discount rates were as follows:

	July 31, 2022		August 1, 2021	
	Operating	Finance	Operating	Finance
Weighted-average remaining term in years	5.7	2.4	6.4	3.1
Weighted-average discount rate	2.2 %	0.8 %	2.3 %	0.8 %

Future minimum lease payments are as follows:

(Millions)	July 31, 2022	
	Operating	Finance
2023	\$ 66	\$ 14
2024	53	10
2025	40	3
2026	27	3
2027	22	—
Thereafter	49	—
Total future undiscounted lease payments	257	30
Less imputed interest	18	—
Total reported lease liability	\$ 239	\$ 30

The following table summarizes cash flow and other information related to leases:

(Millions)	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 78	\$ 79
Financing cash flows from finance leases	\$ 17	\$ 5
ROU assets obtained in exchange for lease obligations:		
Operating leases	\$ 79	\$ 59
Finance leases	\$ 16	\$ 25

11. Taxes on Earnings

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

(Millions)	2022	2021	2020
Income taxes:			
Currently payable:			
Federal	\$ 160	\$ 151	\$ 152
State	22	34	26
Non-U.S.	15	6	3
	197	191	181
Deferred:			
Federal	29	102	(12)
State	(6)	33	4
Non-U.S.	(2)	2	1
	21	137	(7)
	\$ 218	\$ 328	\$ 174

(Millions)	2022	2021	2020
Earnings from continuing operations before income taxes:			
United States	\$ 948	\$ 1,308	\$ 737
Non-U.S.	27	28	29
	\$ 975	\$ 1,336	\$ 766

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

	2022	2021	2020
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes (net of federal tax benefit)	2.2	2.8	3.4
Tax effect of international items	0.7	0.2	(0.3)
State income tax law changes	(1.0)	0.3	0.1
Divestiture impact on deferred taxes	—	(0.9)	—
Legal entity reorganization	—	1.4	—
Capital loss on the sale of the Plum baby food and snacks business	—	(1.3)	—
Capital loss valuation allowance on the sale of the Plum baby food and snacks business	—	1.3	—
Benefit on sale of the European chips business	—	—	(1.3)
Other	(0.5)	(0.2)	(0.2)
Effective income tax rate	<u>22.4 %</u>	<u>24.6 %</u>	<u>22.7 %</u>

In the second quarter of 2021, we recorded a \$19 million deferred tax charge in connection with a legal entity reorganization as part of the continued integration of Snyder's-Lance.

Deferred tax liabilities and assets are comprised of the following:

(Millions)	2022	2021
Depreciation	\$ 354	\$ 352
Amortization	870	869
Operating lease ROU assets	54	53
Pension	35	45
Other	9	9
Deferred tax liabilities	<u>1,322</u>	<u>1,328</u>
Benefits and compensation	119	127
Pension benefits	28	38
Tax loss carryforwards	13	24
Capital loss carryforwards	115	117
Operating lease liabilities	54	53
Other	52	61
Gross deferred tax assets	<u>381</u>	<u>420</u>
Deferred tax asset valuation allowance	(131)	(142)
Deferred tax assets, net of valuation allowance	<u>250</u>	<u>278</u>
Net deferred tax liability	<u>\$ 1,072</u>	<u>\$ 1,050</u>

At July 31, 2022, our U.S. and non-U.S. subsidiaries had tax loss carryforwards of approximately \$259 million. Of these carryforwards, \$4 million may be carried forward indefinitely, and \$255 million expire between 2023 and 2037, with the majority expiring after 2028. At July 31, 2022, deferred tax asset valuation allowances have been established to offset \$78 million of these tax loss carryforwards. Additionally, as of July 31, 2022, our U.S. and non-U.S. subsidiaries had capital loss carryforwards of approximately \$477 million, all of which were offset by valuation allowances.

The net change in the deferred tax asset valuation allowance in 2022 was a decrease of \$11 million. The decrease was primarily due to liquidation of an inactive subsidiary. The net change in the deferred tax asset valuation allowance in 2021 was an increase of \$20 million. The increase was primarily due to the sale of the Plum baby food and snacks business. The net change in the deferred tax asset valuation allowance in 2020 was a decrease of \$305 million. The decrease was primarily due to the sale of the Arnott's and other international operations.

As of July 31, 2022, and August 1, 2021, other deferred tax assets included \$13 million of state tax credit carryforwards related to various states that expire between 2023 and 2025. As of July 31, 2022, and August 1, 2021, deferred tax asset valuation allowances have been established to offset the \$13 million of state credit carryforwards.

As of July 31, 2022, we had approximately \$11 million of undistributed earnings of foreign subsidiaries which are deemed to be permanently reinvested and for which we have not recognized a deferred tax liability. We estimate that the tax liability that might be incurred if permanently reinvested earnings were remitted to the U.S. would not be material. Foreign subsidiary earnings in 2021 and thereafter are not considered permanently reinvested and we have therefore recognized a deferred tax liability and expense.

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

(Millions)	2022	2021	2020
Balance at beginning of year	\$ 22	\$ 23	\$ 24
Increases related to prior-year tax positions	4	—	—
Decreases related to prior-year tax positions	(10)	(1)	(1)
Increases related to current-year tax positions	1	3	2
Settlements	(2)	—	(1)
Lapse of statute	(1)	(3)	(1)
Balance at end of year	<u>\$ 14</u>	<u>\$ 22</u>	<u>\$ 23</u>

The decrease of unrecognized tax benefits was primarily due to audit settlements. The amount of unrecognized tax benefits that, if recognized, would impact the annual effective tax rate was \$12 million as of July 31, 2022, and \$18 million as of August 1, 2021 and August 2, 2020. The total amount of unrecognized tax benefits can change due to audit settlements, tax examination activities, statute expirations and the recognition and measurement criteria under accounting for uncertainty in income taxes.

Our accounting policy for interest and penalties attributable to income taxes is to reflect any expense or benefit as a component of our income tax provision. The total amount of interest and penalties recognized in the Consolidated Statements of Earnings was not material in 2022, 2021, and 2020. The total amount of interest and penalties recognized in the Consolidated Balance Sheets in Other liabilities was \$4 million as of July 31, 2022, and as of August 1, 2021.

We file income tax returns in the U.S. federal jurisdiction and various state and non-U.S. jurisdictions. In the normal course of business, we are subject to examination by taxing authorities, including the U.S. and Canada. With limited exceptions, we have been audited for income tax purposes in the U.S. through 2020 and in Canada through 2016. In addition, several state income tax examinations are in progress for the years 2016 to 2021.

12. Short-term Borrowings and Long-term Debt

Short-term borrowings consist of the following:

(Millions)	2022	2021
Commercial paper	\$ 235	\$ 37
Notes	566	—
Finance leases	14	11
Other ⁽¹⁾	(1)	—
Total short-term borrowings	<u>\$ 814</u>	<u>\$ 48</u>

⁽¹⁾ Includes unamortized net discount/premium on debt issuances and debt issuance costs.

The weighted-average interest rate of commercial paper, which consisted of U.S. borrowings, was 2.63% as of July 31, 2022, and 0.22% as of August 1, 2021.

As of July 31, 2022, we issued \$32 million of standby letters of credit. On November 2, 2020, we entered into a committed revolving credit facility totaling \$1.85 billion scheduled to mature on November 2, 2023. On September 27, 2021, we replaced the facility with a new \$1.85 billion committed revolving facility that matures on September 27, 2026. This facility remained unused at July 31, 2022, except for \$1 million of standby letters of credit that we issued under it. The facility contains customary covenants, including a financial covenant with respect to a minimum consolidated interest coverage ratio of consolidated adjusted EBITDA to consolidated interest expense (as each is defined in the credit facility) of not less than 3.25:1.00, measured quarterly, and customary events of default for credit facilities of this type. Loans under this facility will bear interest at the rates specified in the facility, which vary based on the type of loan and certain other customary conditions. The facility supports our commercial paper program and other general corporate purposes. In March 2020, we borrowed \$300 million under our previous revolving credit facility and on May 1, 2020, we repaid the borrowings.

Long-term debt consists of the following:

(Millions)	2022	2021
2.50% Notes due August 2, 2022	\$ —	\$ 450
3.65% Notes due March 15, 2023	566	566
3.95% Notes due March 15, 2025	850	850
3.30% Notes due March 19, 2025	300	300
4.15% Notes due March 15, 2028	1,000	1,000
2.375% Notes due April 24, 2030	500	500
3.80% Notes due August 2, 2042	163	163
4.80% Notes due March 15, 2048	700	700
3.125% Notes due April 24, 2050	500	500
Finance leases	16	19
Other ⁽¹⁾	(34)	(38)
Total	\$ 4,561	\$ 5,010
Less current portion	565	—
Total long-term debt	\$ 3,996	\$ 5,010

⁽¹⁾ Includes unamortized net discount/premium on debt issuances and debt issuance costs.

Principal amounts of long-term debt mature as follows:

(Millions)	
2024	\$ 10
2025	\$ 1,153
2026	\$ 3
2027	\$ —
Thereafter	\$ 2,863

Debt Extinguishments

On March 4, 2022, we completed the redemption of all \$450 million outstanding aggregate principal amount of our 2.50% Senior Notes due August 2, 2022. The consideration for the redemption was \$453 million, including \$3 million of premium. We recognized a loss of \$4 million (including the \$3 million of premium and other costs), which was recorded in Interest expense in the Consolidated Statement of Earnings. In addition, we paid accrued and unpaid interest on the redeemed notes through the date of settlement. We used a combination of cash on hand and short-term debt to fund the redemption.

On January 22, 2020, we completed the redemption of all \$500 million outstanding aggregate principal amount of our 4.25% Senior Notes due 2021. On January 24, 2020, we settled tender offers to purchase \$1.2 billion in aggregate principal amount of certain senior unsecured debt, comprising \$329 million of 3.30% Senior Notes due 2021, \$634 million of 3.65% Senior Notes due 2023, and \$237 million of 3.80% Senior Notes due 2043. The consideration for the redemption and the tender offers was \$1.765 billion, including \$65 million of premium. We recognized a loss of \$75 million (including \$65 million of premium, fees and other costs paid with the tender offers and unamortized debt issuance costs), which was recorded in Interest expense in the Consolidated Statement of Earnings. In addition, we paid accrued and unpaid interest on the purchased notes through the dates of settlement.

Debt Repayments

In March 2021, we repaid our 3.30% \$321 million notes and floating rate \$400 million notes, and in May 2021, we repaid our 8.875% \$200 million notes.

In 2020, we also repaid our \$499 million Senior Term Loan due 2021.

Debt Issuances

On April 24, 2020, we issued senior notes in an aggregate principal amount of \$1 billion, consisting of \$500 million aggregate principal amount of notes bearing interest at a fixed rate of 2.375% per annum, due April 24, 2030, and \$500 million aggregate principal amount of notes bearing interest at a fixed rate of 3.125% per annum, due April 24, 2050. On May 1, 2020, we used \$300 million of the net proceeds to repay \$300 million of borrowings outstanding under a revolving credit facility. The

2.375% Senior Notes due 2030 and the 3.125% Senior Notes due 2050 may each be redeemed at the applicable redemption price, in whole or in part, at our option at any time and from time to time prior to January 24, 2030, and October 24, 2049, respectively. Interest on each of the notes is due semi-annually on April 24 and October 24, commencing on October 24, 2020. The notes contain customary covenants and events of default. If a change of control triggering event occurs, we will be required to offer to purchase the notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the purchase date.

13. Financial Instruments

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. In order to manage these exposures, we follow established risk management policies and procedures, including the use of derivative contracts such as swaps, rate locks, options, forwards and commodity futures. We enter into these derivative contracts for periods consistent with the 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. Our derivative programs include instruments that qualify for hedge accounting treatment and instruments that are not designated as accounting hedges.

Concentration of Credit Risk

We are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate counterparty credit risk, we enter into contracts only with carefully selected, leading, credit-worthy financial institutions, and distribute contracts among several financial institutions to reduce the concentration of credit risk. We did not have credit risk-related contingent features in our derivative instruments as of July 31, 2022, or August 1, 2021.

We are also exposed to credit risk from our customers. During 2022, our largest customer accounted for approximately 22% of consolidated net sales from continuing operations. Our five largest customers accounted for approximately 47% of our consolidated net sales from continuing operations in 2022.

We closely monitor credit risk associated with counterparties and customers.

Foreign Currency Exchange Risk

We are exposed to foreign currency exchange risk, primarily the Canadian dollar, related to third-party transactions and intercompany transactions. We utilize foreign exchange forward purchase and sale contracts to hedge these exposures. The contracts are either designated as cash-flow hedging instruments or are undesignated. We hedge portions of our forecasted foreign currency transaction exposure with foreign exchange forward contracts for periods typically up to 18 months. The notional amount of foreign exchange forward contracts accounted for as cash-flow hedges was \$140 million as of July 31, 2022, and \$134 million as of August 1, 2021. Changes in the fair value on the portion of the derivative included in the assessment of hedge effectiveness of cash-flow hedges are recorded in other comprehensive income (loss), until earnings are affected by the variability of cash flows. For derivatives that are designated and qualify as hedging instruments, the initial fair value of hedge components excluded from the assessment of effectiveness is recognized in earnings under a systematic and rational method over the life of the hedging instrument and is presented in the same statement of earnings line item as the earnings effect of the hedged item. Any difference between the change in the fair value of the hedge components excluded from the assessment of effectiveness and the amounts recognized in earnings is recorded as a component of other comprehensive income (loss). The notional amount of foreign exchange forward contracts that are not designated as accounting hedges was \$13 million as of July 31, 2022, and as of August 1, 2021.

Interest Rate Risk

We manage our exposure to changes in interest rates by optimizing the use of variable-rate and fixed-rate debt and we may utilize interest rate swaps in order to maintain our variable-to-total debt ratio within targeted guidelines. Receive fixed rate/pay variable rate interest rate swaps are accounted for as fair-value hedges. Changes in the fair value on the portion of the derivative included in the assessment of hedge effectiveness of a fair-value hedge, along with the gain or loss on the underlying hedged asset or liability, are recorded in current-period earnings. We manage our exposure to interest rate volatility on future debt issuances by entering into forward starting interest rate swaps or treasury rate lock contracts to lock in the rate on the interest payments related to anticipated debt issuances. The contracts are either designated as cash-flow hedging instruments or are undesignated. Changes in the fair value on the portion of the derivative included in the assessment of hedge effectiveness of cash-flow hedges are recorded in Accumulated other comprehensive income (loss), and reclassified into Interest expense over the life of the debt. The change in fair value on undesignated instruments is recorded in Interest expense. There were no interest rate swaps outstanding as of July 31, 2022, or August 1, 2021.

Commodity Price Risk

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, natural gas, soybean oil, aluminum, cocoa, corn, soybean meal and butter. Commodity futures, options and swap contracts are either designated as cash-flow hedging instruments or are undesignated. We hedge a portion of commodity requirements for periods typically up to 18 months. The notional amount of commodity contracts designated as cash flow hedges was \$3 million as of July 31, 2022, and \$18 million as of August 1, 2021. Changes in the fair value on the portion of the derivative included in the assessment of hedge effectiveness of cash-flow hedges are recorded in other comprehensive income (loss), until earnings are affected by the variability of cash flows. The notional amount of commodity contracts not designated as accounting hedges was \$254 million as of July 31, 2022, and \$190 million as of August 1, 2021. The change in fair value on undesignated instruments is recorded in Cost of products sold.

We have a supply contract under which prices for certain raw materials are established based on anticipated volume requirements over a twelve-month period. Certain prices under the contract are based in part on certain component parts of the raw materials that are in excess of our needs or not required for our operations, thereby creating an embedded derivative requiring bifurcation. We net settle amounts due under the contract with our counterparty. The notional amount was approximately \$39 million as of July 31, 2022, and \$38 million as of August 1, 2021. The change in fair value on the embedded derivative is recorded in Cost of products sold.

Equity Price Risk

We enter into swap contracts which hedge a portion of exposures relating to certain deferred compensation obligations linked to the total return of the Vanguard Extended Market Index Plus Fund, the Vanguard Institutional Index Institutional Plus Fund, the Vanguard Short-Term Bond Index Fund and the Vanguard Total International Stock Index Fund. Prior to 2022, we had entered into swap contracts which hedged a portion of exposures linked to the total return of our capital stock. As of July 31, 2022, and August 1, 2021, we no longer hedge our exposure linked to the total return of our capital stock. These contracts are not designated as hedges for accounting purposes. Unrealized gains (losses) and settlements are included in Administrative expenses in the Consolidated Statements of Earnings. We enter into these contracts for periods typically not exceeding 12 months. The notional amounts of the contracts as of July 31, 2022, and August 1, 2021, were \$50 million and \$29 million, respectively.

The following tables summarize the fair value of derivative instruments on a gross basis as recorded in the Consolidated Balance Sheets as of July 31, 2022, and August 1, 2021:

(Millions)	Balance Sheet Classification	2022	2021
Asset Derivatives			
Derivatives designated as hedges:			
Commodity contracts	Other current assets	\$ 3	\$ 4
Foreign exchange forward contracts	Other current assets	2	1
Total derivatives designated as hedges		\$ 5	\$ 5
Derivatives not designated as hedges:			
Commodity contracts	Other current assets	\$ 20	\$ 49
Deferred compensation contracts	Other current assets	—	3
Total derivatives not designated as hedges		\$ 20	\$ 52
Total asset derivatives		\$ 25	\$ 57

(Millions)	Balance Sheet Classification	2022	2021
Liability Derivatives			
Derivatives designated as hedges:			
Foreign exchange forward contracts	Accrued liabilities	\$ —	\$ 3
Total derivatives designated as hedges		\$ —	\$ 3
Derivatives not designated as hedges:			
Commodity contracts	Accrued liabilities	\$ 30	\$ —
Deferred compensation contracts	Accrued liabilities	4	—
Total derivatives not designated as hedges		\$ 34	\$ —
Total liability derivatives		\$ 34	\$ 3

We do not offset the fair values of derivative assets and liabilities executed with the same counterparty that are generally subject to enforceable netting agreements. However, if we were to offset and record the asset and liability balances of derivatives on a net basis, the amounts presented in the Consolidated Balance Sheets as of July 31, 2022, and August 1, 2021, would be adjusted as detailed in the following table:

(Millions)	2022			2021		
	Gross Amounts Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Netting Agreements	Net Amount	Gross Amounts Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Netting Agreements	Net Amount
Total asset derivatives	\$ 25	\$ (17)	\$ 8	\$ 57	\$ (1)	\$ 56
Total liability derivatives	\$ 34	\$ (17)	\$ 17	\$ 3	\$ (1)	\$ 2

We are required to maintain cash margin accounts in connection with funding the settlement of open positions for exchange-traded commodity derivative instruments. A cash margin asset balance of \$8 million at July 31, 2022, and a liability balance of \$14 million at August 1, 2021, were included in Other current assets and Accrued liabilities, respectively, in the Consolidated Balance Sheets.

The following tables show the effect of our derivative instruments designated as cash-flow hedges for the years ended July 31, 2022, August 1, 2021, and August 2, 2020 in other comprehensive income (loss) (OCI) and the Consolidated Statements of Earnings:

(Millions)	Total Cash-Flow Hedge OCI Activity		
	2022	2021	2020
OCI derivative gain (loss) at beginning of year	\$ (5)	\$ (8)	\$ (11)
Effective portion of changes in fair value recognized in OCI:			
Commodity contracts	13	4	—
Foreign exchange forward contracts	4	(9)	3
Amount of loss (gain) reclassified from OCI to earnings:	Location in Earnings		
Commodity contracts	Cost of products sold	(14)	—
Foreign exchange forward contracts	Cost of products sold	1	6
Foreign exchange forward contracts	Other expenses / (income)	—	1
Foreign exchange forward contracts	Earnings (loss) from discontinued operations	—	—
Forward starting interest rate swaps	Interest expense	1	1
OCI derivative gain (loss) at end of year	\$ —	\$ (5)	\$ (8)

Based on current valuations, the amount expected to be reclassified from OCI into earnings within the next 12 months is a gain of \$4 million.

The following table shows the total amounts of line items presented in the Consolidated Statements of Earnings for the years ended 2022, 2021, and 2020 in which the effects of derivative instruments designated as cash-flow hedges are recorded and the total effect of hedge activity on these line items are as follows:

(Millions)	2022		2021			2020		
	Cost of products sold	Interest expense	Cost of products sold	Other expenses / (income)	Interest expense	Cost of products sold	Interest expense	Earnings (loss) from discontinued operations
Consolidated Statements of Earnings:	\$ 5,935	\$ 189	\$ 5,665	\$ (254)	\$ 210	\$ 5,692	\$ 345	\$ 1,036
Loss (gain) on cash-flow hedges:								
Amount of loss (gain) reclassified from OCI to earnings	\$ (13)	\$ 1	\$ 6	\$ 1	\$ 1	\$ (2)	\$ 1	\$ 1

The amount excluded from effectiveness testing recognized in each line item of earnings using an amortization approach was not material in all periods presented.

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

(Millions)	Location of Loss (Gain) Recognized in Earnings	2022	2021	2020
Foreign exchange forward contracts	Cost of products sold	\$ —	\$ 2	\$ (1)
Foreign exchange forward contracts	Other expenses / (income)	—	—	2
Commodity contracts	Cost of products sold	8	(55)	12
Deferred compensation contracts	Administrative expenses	3	(8)	(2)
Treasury rate lock contracts	Interest expense	—	—	(3)
Total		<u>\$ 11</u>	<u>\$ (61)</u>	<u>\$ 8</u>

14. Variable Interest Entity

In February 2016, we agreed to make a capital commitment subject to certain qualifications of up to \$125 million to Acre, a limited partnership formed to make venture capital investments in innovative new companies in food and food-related industries. Acre was managed by its general partner, Acre Ventures GP, LLC, which was independent of us. We were the sole limited partner of Acre and owned a 99.8% interest. Acre was a VIE. We entered into an agreement to sell our interest in Acre on April 26, 2020, and completed the sale on May 8, 2020, for \$30 million resulting in a loss of \$45 million recognized in the third quarter of 2020 as a result of the pending sale. We consolidated Acre and accounted for the third party ownership as a noncontrolling interest. Through the date of the sale, we funded \$86 million of the capital commitment.

Acre elected the fair value option to account for qualifying investments to more appropriately reflect the value of the investments in the financial statements. Changes in the fair values of investments for which the fair value option was elected were included in Other expenses / (income) on the Consolidated Statements of Earnings.

15. Fair Value Measurements

We categorize financial assets and liabilities based on the following fair value hierarchy:

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present our financial assets and liabilities that are measured at fair value on a recurring basis as of July 31, 2022, and August 1, 2021, consistent with the fair value hierarchy:

(Millions)	Fair Value as of July 31, 2022	Fair Value Measurements at July 31, 2022 Using Fair Value Hierarchy			Fair Value as of August 1, 2021	Fair Value Measurements at August 1, 2021 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Foreign exchange forward contracts ⁽¹⁾	\$ 2	\$ —	\$ 2	\$ —	\$ 1	\$ —	\$ 1	\$ —
Commodity derivative contracts ⁽²⁾	23	—	19	4	53	21	31	1
Deferred compensation derivative contracts ⁽³⁾	—	—	—	—	3	—	3	—
Deferred compensation investments ⁽⁴⁾	2	2	—	—	3	3	—	—
Total assets at fair value	\$ 27	\$ 2	\$ 21	\$ 4	\$ 60	\$ 24	\$ 35	\$ 1

(Millions)	Fair Value as of July 31, 2022	Fair Value Measurements at July 31, 2022 Using Fair Value Hierarchy			Fair Value as of August 1, 2021	Fair Value Measurements at August 1, 2021 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Liabilities								
Foreign exchange forward contracts ⁽¹⁾	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ —	\$ 3	\$ —
Commodity derivative contracts ⁽²⁾	30	6	24	—	—	—	—	—
Deferred compensation derivative contracts ⁽³⁾	4	—	4	—	—	—	—	—
Deferred compensation obligation ⁽⁴⁾	96	96	—	—	105	105	—	—
Total liabilities at fair value	\$ 130	\$ 102	\$ 28	\$ —	\$ 108	\$ 105	\$ 3	\$ —

⁽¹⁾ Based on observable market transactions of spot currency rates and forward rates.

⁽²⁾ Level 1 and 2 are based on quoted futures exchanges and on observable prices of futures and options transactions in the marketplace. Level 3 is based on unobservable inputs in which there is little or no market data, which requires management's own assumptions within an internally developed model.

⁽³⁾ Based on equity index swap rates.

⁽⁴⁾ Based on the fair value of the participants' investments.

The following table summarizes the changes in fair value of Level 3 assets for the years ended July 31, 2022, and August 1, 2021:

(Millions)	2022	2021
Fair value at beginning of year	\$ 1	\$ 2
Gains (losses)	18	6
Settlements	(15)	(7)
Fair value at end of year	<u>\$ 4</u>	<u>\$ 1</u>

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value.

There were cash equivalents of \$27 million at July 31, 2022, and none at August 1, 2021. Cash equivalents represent fair value as these highly liquid investments have an original maturity of three months or less. Fair value of cash equivalents is based on Level 2 inputs.

The fair value of short- and long-term debt was \$4.637 billion at July 31, 2022, and \$5.613 billion at August 1, 2021. The carrying value was \$4.81 billion at July 31, 2022, and \$5.058 billion at August 1, 2021. The fair value of long-term debt is principally estimated using Level 2 inputs based on quoted market prices or pricing models using current market rates.

16. Shareholders' Equity

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

Share Repurchase Programs

In June 2021, the Board authorized an anti-dilutive share repurchase program of up to \$250 million (June 2021 program) to offset the impact of dilution from shares issued under our stock compensation programs. The June 2021 program has no expiration date, but it may be suspended or discontinued at any time. Repurchases under the June 2021 program may be made in open-market or privately negotiated transactions.

In September 2021, the Board approved a strategic share repurchase program of up to \$500 million (September 2021 program). The September 2021 program has no expiration date, but it may be suspended or discontinued at any time. Repurchases under the September 2021 program may be made in open-market or privately negotiated transactions.

In 2022, we repurchased 3.8 million shares at a cost of \$167 million. Of this amount, \$42 million was used to repurchase shares pursuant to our June 2021 program and \$125 million was used to repurchase share pursuant to our September 2021 program. As of July 31, 2022, approximately \$172 million remained available under the June 2021 program and approximately \$375 million remained under the September 2021 program. In 2021, we repurchased approximately 1 million shares at a cost of \$36 million.

17. Stock-based Compensation

In 2005, shareholders approved the 2005 Long-Term Incentive Plan, which authorized the issuance of 6 million shares to satisfy awards of stock options, stock appreciation rights, unrestricted stock, restricted stock/units (including performance restricted stock) and performance units. In 2008, shareholders approved an amendment to the 2005 Long-Term Incentive Plan to increase the number of authorized shares to 10.5 million and in 2010, shareholders approved another amendment to the 2005 Long-Term Incentive Plan to increase the number of authorized shares to 17.5 million. In 2015, shareholders approved the 2015 Long-Term Incentive Plan, which authorized the issuance of 13 million shares. Approximately 6 million of these shares were shares that were currently available under the 2005 plan and were incorporated into the 2015 Plan upon approval by shareholders.

Awards under Long-Term Incentive Plans may be granted to employees and directors. Pursuant to the Long-Term Incentive Plan, we adopted a long-term incentive compensation program which provides for grants of total shareholder return (TSR) performance restricted stock/units, EPS performance restricted stock/units, strategic performance restricted stock/units, time-lapse restricted stock/units, special performance restricted stock/units, free cash flow (FCF) performance restricted stock/units and unrestricted stock. Under the program, awards of TSR performance restricted stock/units will be earned by comparing our total shareholder return during a three-year period to the respective total shareholder returns of companies in a performance peer group. Based upon our ranking in the performance peer group after the relevant three-year performance period, a recipient of TSR performance restricted stock/units may earn a total award ranging from 0% to 200% of the initial grant. Awards of EPS performance restricted stock/units granted in 2022 will be earned upon the achievement of our adjusted EPS compound annual growth rate goal (EPS CAGR performance restricted stock/units), measured over a three-year period. A recipient of EPS CAGR performance restricted stock/units may earn a total award ranging from 0% to 200% of the initial grant. Awards of EPS

performance restricted stock/units granted prior to 2022 were earned based upon our achievement of annual earnings per share goals and vested over the relevant three-year period. During the three-year vesting period, a recipient of EPS performance restricted stock/units earned a total award of either 0% or 100% of the initial grant. Awards of the strategic performance restricted stock units were earned based upon the achievement of two key metrics, net sales and EPS growth, compared to strategic plan objectives during a three-year period. A recipient of strategic performance restricted stock units earned a total award ranging from 0% to 200% of the initial grant. Awards of FCF performance restricted stock units were earned based upon the achievement of free cash flow (defined as Net cash provided by operating activities less capital expenditures and certain investing and financing activities) compared to annual operating plan objectives over a three-year period. An annual objective was established each fiscal year for three consecutive years. Performance against these objectives was averaged at the end of the three-year period to determine the number of underlying units that vested at the end of the three years. A recipient of FCF performance restricted stock units earned a total award ranging from 0% to 200% of the initial grant. Awards of time-lapse restricted stock/units will vest ratably over the three-year period. In addition, we may issue special grants of restricted stock/units to attract and retain executives which vest over various periods. Awards are generally granted annually in October.

Stock options are granted on a selective basis under the Long-Term Incentive Plans. The term of a stock option granted under these plans may not exceed ten years from the date of grant. The option price may not be less than the fair market value of a share of common stock on the date of the grant. Options granted under these plans generally vest ratably over a three-year period. In 2019, we also granted certain options that vest at the end of a three-year period. We last issued stock options in 2019.

In 2022, we issued time-lapse restricted stock units, unrestricted stock, TSR performance restricted stock units and EPS CAGR performance restricted stock units. We last issued FCF performance restricted stock units in 2019, EPS performance restricted stock units in 2018, strategic performance restricted stock units in 2014 and special performance restricted units in 2015.

In determining stock-based compensation expense, we estimate forfeitures expected to occur. Total pre-tax stock-based compensation expense and tax-related benefits recognized in Earnings from continuing operations were as follows:

(Millions)	2022	2021	2020
Total pre-tax stock-based compensation expense	\$ 59	\$ 64	\$ 59
Tax-related benefits	\$ 10	\$ 12	\$ 11

In 2020, total pre-tax stock-based compensation expense recognized in Earnings (loss) from discontinued operations was \$2 million. The tax-related benefits were not material.

The following table summarizes stock option activity as of July 31, 2022:

Options (Options in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value
Outstanding at August 1, 2021	1,372 \$ 45.61		
Granted	— \$ —		
Exercised	(75) \$ 38.15		
Terminated	— \$ —		
Outstanding at July 31, 2022	1,297 \$ 46.04	4.8	\$ 6
Exercisable at July 31, 2022	1,297 \$ 46.04	4.8	\$ 6

The total intrinsic value of options exercised during 2022 and 2020 was \$1 million and \$2 million, respectively. The total intrinsic value of options exercised during 2021 was not material. We measured the fair value of stock options using the Black-Scholes option pricing model.

We expensed stock options on a straight-line basis over the vesting period, except for awards issued to retirement eligible participants, which we expensed on an accelerated basis. As of January 2022, compensation related to stock options was fully expensed.

The following table summarizes time-lapse restricted stock units, EPS CAGR performance restricted stock units and FCF performance restricted stock units as of July 31, 2022:

	Units (Restricted stock units in thousands)	Weighted- Average Grant-Date Fair Value
Nonvested at August 1, 2021	1,814	\$ 45.63
Granted	1,543	\$ 41.96
Vested	(1,175)	\$ 43.97
Forfeited	(236)	\$ 44.38
Nonvested at July 31, 2022	<u>1,946</u>	<u>\$ 43.88</u>

We determine the fair value of time-lapse restricted stock units, EPS CAGR performance restricted stock units, FCF performance restricted stock units and EPS performance restricted stock units based on the quoted price of our stock at the date of grant. We expense time-lapse restricted stock units and EPS CAGR performance restricted stock units on a straight-line basis over the vesting period, except for awards issued to retirement-eligible participants, which we expense on an accelerated basis. There were 297 thousand EPS CAGR performance target grants outstanding at July 31, 2022 with a weighted-average grant-date fair value of \$41.50. We expensed FCF performance restricted stock units over the requisite service period of each objective. As of October 31, 2021, there were no FCF performance target grants outstanding. We expensed EPS performance restricted stock units on a graded vesting basis, except for awards issued to retirement-eligible participants, which we expensed on an accelerated basis. As of November 1, 2020, there were no EPS performance target grants outstanding. The actual number of EPS CAGR performance restricted stock units, FCF performance restricted stock units and EPS performance restricted stock units, that vest will depend on actual performance achieved. We estimate expense based on the number of awards expected to vest.

As of July 31, 2022, total remaining unearned compensation related to nonvested time-lapse restricted stock units and EPS CAGR performance restricted units was \$37 million, which will be amortized over the weighted-average remaining service period of 1.7 years. In the first quarter of 2022, recipients of FCF performance restricted stock units earned 167% of the initial grants based upon the average of actual performance achieved during a three-year period ended August 1, 2021. As a result, approximately 158 thousand additional shares were awarded. The fair value of restricted stock units vested during 2022, 2021 and 2020 was \$50 million, \$38 million and \$41 million, respectively. The weighted-average grant-date fair value of the restricted stock units granted during 2021 and 2020 was \$48.37 and \$46.82, respectively.

The following table summarizes TSR performance restricted stock units as of July 31, 2022:

	Units (Restricted stock units in thousands)	Weighted- Average Grant-Date Fair Value
Nonvested at August 1, 2021	1,222	\$ 53.60
Granted	331	\$ 45.54
Vested	(178)	\$ 31.35
Forfeited	(222)	\$ 48.85
Nonvested at July 31, 2022	<u>1,153</u>	<u>\$ 55.63</u>

We estimated the fair value of TSR performance restricted stock units at the grant date using a Monte Carlo simulation. Weighted-average assumptions used in the Monte Carlo simulation were as follows:

	2022	2021	2020
Risk-free interest rate	0.46%	0.15%	1.48%
Expected dividend yield	3.50%	2.85%	2.95%
Expected volatility	27.42%	29.99%	27.01%
Expected term	3 years	3 years	3 years

We recognize compensation expense on a straight-line basis over the service period, except for awards issued to retirement eligible participants, which we expense on an accelerated basis. As of July 31, 2022, total remaining unearned compensation

related to TSR performance restricted stock units was \$15 million, which will be amortized over the weighted-average remaining service period of 1.5 years. In the first quarter of 2022, recipients of TSR performance restricted stock units earned 75% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 30, 2021. In the first quarter of 2021, recipients of TSR performance restricted stock units earned 50% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 31, 2020. In the first quarter of 2020, recipients of TSR performance restricted stock units earned 0% of the initial grants based upon our TSR ranking in a performance peer group during a three-year period ended July 26, 2019. The fair value of TSR performance restricted stock units vested during 2022 and 2021 was \$8 million and \$11 million, respectively. The grant-date fair value of the TSR performance restricted stock units granted during 2021 and 2020 was \$54.93 and \$63.06, respectively. In the first quarter of 2023, recipients of TSR performance restricted stock units will receive a 100% payout based upon our TSR ranking in a performance peer group during a three-year period ended July 29, 2022.

The tax benefits on the exercise of stock options in 2022, 2021, and 2020 were not material. Cash received from the exercise of stock options was \$3 million, \$2 million and \$23 million for 2022, 2021, and 2020, respectively, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

18. Commitments and Contingencies

Regulatory and Litigation Matters

We are involved in various pending or threatened legal or regulatory proceedings, including purported class actions, arising from the conduct of business both in the ordinary course and otherwise. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with our actual experiences in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to us that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

Due to the unpredictable nature of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time is normally difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

On January 7, 2019, three purported shareholder class action lawsuits pending in the United States District Court for the District of New Jersey (the Court) were consolidated under the caption, *In re Campbell Soup Company Securities Litigation*, Civ. No. 1:18-cv-14385-NLH-JS (the Action). Oklahoma Firefighters Pension and Retirement System was appointed lead plaintiff in the Action and, on March 1, 2019, filed an amended consolidated complaint. The company, Denise Morrison (the company's former President and Chief Executive Officer), and Anthony DiSilvestro (the company's former Senior Vice President and Chief Financial Officer) are defendants in the Action. The amended consolidated complaint alleges that, in public statements between July 19, 2017 and May 17, 2018, the defendants made materially false and misleading statements and/or omitted material information about the company's business, operations, customer relationships and prospects, specifically with regard to the Campbell Fresh segment. The amended consolidated complaint seeks unspecified monetary damages and other relief. On April 30, 2019, the defendants filed a motion to dismiss the amended consolidated complaint, which the Court granted on November 30, 2020, with leave to amend the complaint. On January 15, 2021, the plaintiff filed its second amended consolidated complaint. The second amended consolidated complaint again names as defendants the company and certain of its former officers and alleges that, in public statements between August 31, 2017 and May 17, 2018, the defendants made materially false and misleading statements and/or omitted material information about the company's business, operations, customer relationships and prospects, specifically with regard to the Campbell Fresh segment. The second amended consolidated complaint seeks unspecified monetary damages and other relief. On March 10, 2021 the defendants filed a motion to dismiss the second amended consolidated complaint. We are vigorously defending against the Action.

We establish liabilities for litigation and regulatory loss contingencies when information related to the loss contingencies shows both that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some matters could require us to pay damages or make other expenditures or establish accruals in amounts that could not be reasonably estimated as of July 31, 2022. While the potential future charges could be material in a particular quarter or annual period, based on information currently known by us, we do not believe any such charges are likely to have a material adverse effect on our consolidated results of operations or financial condition.

Other Contingencies

We guarantee approximately 4,800 bank loans made to independent contractor distributors by third-party financial institutions for the purchase of distribution routes. The maximum potential amount of the future payments under existing guarantees we could be required to make is \$500 million as of July 31, 2022. Our guarantees are indirectly secured by the distribution routes. We do not expect that we will be required to make material guarantee payments as a result of defaults on the bank loans guaranteed. The amounts recognized as of July 31, 2022, and August 1, 2021, were not material.

We have provided certain standard indemnifications in connection with divestitures, contracts and other transactions. Certain indemnifications have finite expiration dates. Liabilities recognized based on known exposures related to such matters were not material at July 31, 2022, and August 1, 2021.

19. Supplemental Financial Statement Data

Balance Sheets

(Millions)	2022	2021
Accounts receivable		
Customer accounts receivable	\$ 502	\$ 556
Allowances	(12)	(12)
Subtotal	\$ 490	\$ 544
Other	51	51
	<u>\$ 541</u>	<u>\$ 595</u>
Inventories		
Raw materials, containers and supplies	\$ 390	\$ 321
Finished products	856	612
	<u>\$ 1,246</u>	<u>\$ 933</u>
Plant assets		
Land	\$ 74	\$ 75
Buildings	1,531	1,493
Machinery and equipment	3,932	3,732
Projects in progress	141	189
Total cost	\$ 5,678	\$ 5,489
Accumulated depreciation ⁽¹⁾	(3,335)	(3,119)
	<u>\$ 2,343</u>	<u>\$ 2,370</u>

⁽¹⁾ Depreciation expense was \$296 million in 2022, \$275 million in 2021 and \$285 million in 2020. Buildings are depreciated over periods ranging from 7 to 45 years. Machinery and equipment are depreciated over periods generally ranging from 2 to 20 years.

(Millions)	2022	2021
Other assets		
Operating lease ROU assets, net of amortization	\$ 239	\$ 235
Pension	146	190
Other	24	24
	<u>\$ 409</u>	<u>\$ 449</u>

(Millions)	2022	2021
Accrued liabilities		
Accrued compensation and benefits	\$ 216	\$ 203
Fair value of derivatives	34	3
Accrued trade and consumer promotion programs	141	121
Accrued interest	64	70
Restructuring	7	6
Operating lease liabilities	62	54
Other	97	119
	<u>\$ 621</u>	<u>\$ 576</u>

(Millions)	2022	2021
Other liabilities		
Pension benefits	\$ 107	\$ 142
Postretirement benefits	153	199
Operating lease liabilities	177	180
Deferred compensation	81	92
Unrecognized tax benefits	15	20
Other	70	72
	<u>\$ 603</u>	<u>\$ 705</u>

Statements of Earnings

(Millions)	2022	2021	2020
Other expenses / (income)			
Amortization of intangible assets	\$ 41	\$ 42	\$ 43
Net periodic benefit expense (income) other than the service cost	(23)	(285)	73
Investment losses ⁽¹⁾	—	—	49
Loss on sales of businesses ⁽²⁾	—	11	64
Transition services fees	—	(27)	(10)
Other	3	5	2
	<u>\$ 21</u>	<u>\$ (254)</u>	<u>\$ 221</u>
Advertising and consumer promotion expense ⁽³⁾	\$ 314	\$ 399	\$ 463
Interest expense ⁽⁴⁾			
Interest expense	\$ 191	\$ 214	\$ 350
Less: Interest capitalized	2	4	5
	<u>\$ 189</u>	<u>\$ 210</u>	<u>\$ 345</u>

⁽¹⁾ 2020 includes a loss of \$45 million related to Acre. See Note 14 for additional information.

⁽²⁾ In 2021, we recognized a loss of \$11 million on the sale of the Plum baby food and snacks business. In 2020, we recognized a loss of \$64 million on the sale of the European chips business. See Note 3 for additional information.

⁽³⁾ Included in Marketing and selling expenses.

⁽⁴⁾ In 2022, we recognized a loss of \$4 million (including \$3 million of premium and other costs) on the extinguishment of debt. In 2020, we recognized a loss of \$75 million (including \$65 million of premium, fees and other costs paid with the tender offers and unamortized debt issuance costs). See Note 12 for additional information.

Statements of Cash Flows

(Millions)

	2022	2021	2020
Cash Flows from Operating Activities			
Other non-cash charges to net earnings			
Operating lease ROU asset expense	\$ 74	\$ 75	\$ 75
Amortization of debt issuance costs/debt discount	5	6	9
Benefit related expense	3	12	12
Other	6	(7)	5
	<u>\$ 88</u>	<u>\$ 86</u>	<u>\$ 101</u>
Other			
Benefit related payments	\$ (45)	\$ (49)	\$ (53)
Other	3	2	(6)
	<u>\$ (42)</u>	<u>\$ (47)</u>	<u>\$ (59)</u>
Other Cash Flow Information			
Interest paid	\$ 188	\$ 214	\$ 287
Interest received	\$ 1	\$ 1	\$ 4
Income taxes paid	\$ 196	\$ 212	\$ 222

Management's Report on Internal Control Over Financial Reporting

The management of Campbell Soup Company (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

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

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

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well defined, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of July 31, 2022. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (2013)*. Based on this assessment using those criteria, management concluded that the Company's internal control over financial reporting was effective as of July 31, 2022.

The effectiveness of the Company's internal control over financial reporting as of July 31, 2022 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears on the next page.

/s/ Mark A. Clouse

Mark A. Clouse

President and Chief Executive Officer

/s/ Mick J. Beekhuizen

Mick J. Beekhuizen

Executive Vice President and Chief Financial Officer

/s/ Stanley Polomski

Stanley Polomski

Senior Vice President and Controller

(Principal Accounting Officer)

September 22, 2022

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Campbell Soup Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Campbell Soup Company and its subsidiaries (the "Company") as of July 31, 2022 and August 1, 2021, and the related consolidated statements of earnings, of comprehensive income, of equity, and of cash flows for each of the three years in the period ended July 31, 2022, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended July 31, 2022 appearing on page 84 (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of July 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of July 31, 2022 and August 1, 2021, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Indefinite-lived Intangible Assets Impairment Test for Certain Trademarks

As described in Notes 1 and 5 to the consolidated financial statements, the Company's indefinite-lived intangible assets (trademarks) were \$2.549 billion as of July 31, 2022. Of the carrying value of all indefinite-lived trademarks, \$350 million related to the *Lance* trademark, \$318 million related to the *Kettle Brand* trademark, \$292 million related to the *Pace* trademark, and \$280 million related to the *Pacific Foods* trademark. Management conducts a test at least annually for impairment, or when circumstances indicate that the carrying amount of the asset may not be recoverable. Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Management determines fair value based on discounted cash flow analyses that include significant management assumptions such as revenue growth rates, weighted average costs of capital, and assumed royalty rates.

The principal considerations for our determination that performing procedures relating to the indefinite-lived intangible assets impairment test for certain trademarks is a critical audit matter are (i) the high degree of auditor judgment and subjectivity involved in applying procedures relating to the fair value estimates of certain trademarks due to the significant judgment by management when developing these estimates, (ii) the significant audit effort in performing procedures and evaluating management's significant assumptions related to revenue growth rates, weighted average costs of capital, and assumed royalty rates for the *Pace* and *Pacific Foods* trademarks and the weighted average costs of capital and assumed royalty rates for the *Kettle Brand* and *Lance* trademarks, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's trademark impairment test. These procedures also included, among others (i) testing management's process for developing the fair value estimates, (ii) evaluating the appropriateness of the discounted cash flow analyses, (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow analyses, and (iv) evaluating the reasonableness of the significant assumptions used by management related to revenue growth rates, weighted average costs of capital, and assumed royalty rates for the *Pace* and *Pacific Foods* trademarks and the weighted average costs of capital and assumed royalty rates for the *Kettle Brand* and *Lance* trademarks. Evaluating management's assumptions related to revenue growth rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance associated with the trademarks, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's discounted cash flow analyses and evaluating the reasonableness of the weighted average costs of capital and royalty rates significant assumptions.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania

September 22, 2022

We have served as the Company's auditor since 1954.

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

None.

Item 9A. Controls and Procedures

We, under the supervision and with the participation of our management, including the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of July 31, 2022 (the Evaluation Date). Based on such evaluation, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective.

The annual report of management on our internal control over financial reporting is provided under "Financial Statements and Supplementary Data" on page 74. The attestation report of PricewaterhouseCoopers LLP, our independent registered public accounting firm, regarding our internal control over financial reporting is provided under "Financial Statements and Supplementary Data" on pages 75-76.

There were no changes in our internal control over financial reporting that materially affected, or were likely to materially affect, such internal control over financial reporting during the quarter ended July 31, 2022.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III**Item 10. Directors, Executive Officers and Corporate Governance**

The sections entitled "Item 1 — Election of Directors" and "Voting Securities and Principal Shareholders — Ownership of Directors and Executive Officers" in our Proxy Statement for the 2022 Annual Meeting of Shareholders (the 2022 Proxy) are incorporated herein by reference. The information presented in the section entitled "Corporate Governance Policies and Practices — Board Meetings and Committees — Board Committee Structure" in the 2022 Proxy relating to the members of our Audit Committee and the Audit Committee's financial experts is incorporated herein by reference.

Certain of the information required by this Item relating to our executive officers is set forth under the heading "Information about our Executive Officers" in this Report.

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

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

- writing to Investor Relations, Campbell Soup Company, 1 Campbell Place, Camden, NJ 08103-1799;
- calling 856-342-6081; or
- e-mailing our Investor Relations Department at IR@campbells.com.

Item 11. Executive Compensation

The information presented in the sections entitled "Compensation Discussion and Analysis," "Executive Compensation Tables," "Corporate Governance Policies and Practices — Compensation of Directors," "Corporate Governance Policies and Practices — Board Meetings and Committees — Board Committee Structure — Compensation and Organization Committee Interlocks and Insider Participation" and "Compensation Discussion and Analysis — Compensation and Organization Committee Report" in the 2022 Proxy is incorporated herein by reference.

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

The information presented in the sections entitled "Voting Securities and Principal Shareholders — Ownership of Directors and Executive Officers" and "Voting Securities and Principal Shareholders — Principal Shareholders" in the 2022 Proxy is incorporated herein by reference.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about the stock that could have been issued under our equity compensation plans as of July 31, 2022:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column) (c)
Equity Compensation Plans Approved by Security Holders ⁽¹⁾	5,847,284	\$ 46.04	2,927,470
Equity Compensation Plans Not Approved by Security Holders	N/A	N/A	N/A
Total	5,847,284	\$ 46.04	2,927,470

⁽¹⁾ Column (a) represents stock options and restricted stock units outstanding under the 2015 Long-Term Incentive Plan and the 2005 Long-Term Incentive Plan. Column (a) includes 2,901,544 TSR performance restricted stock units and EPS CAGR performance restricted stock units based on the maximum number of shares potentially issuable under the awards, and the number of shares, if any, to be issued pursuant to such awards will be determined based upon performance during the applicable three-year performance period. No additional awards can be made under the 2005 Long-Term Incentive Plan. Future equity awards under the 2015 Long-Term Incentive Plan may take the form of stock options, stock appreciation rights, performance unit awards, restricted stock, restricted performance stock, restricted stock units, or stock awards. Column (b) represents the weighted-average exercise price of the outstanding stock options only; the outstanding restricted stock units are not included in this calculation. Column (c) represents the maximum number of future equity awards that can be made under the 2015 Long-Term Incentive Plan as of July 31, 2022.

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

The information presented in the section entitled "Corporate Governance Policies and Practices — Transactions with Related Persons," "Item 1 — Election of Directors," "Corporate Governance Policies and Practices — Director Independence" and "Corporate Governance Policies and Practices — Board Meetings and Committees — Board Committee Structure" in the 2022 Proxy is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information presented in the sections entitled "Item 2 — Ratification of Appointment of Independent Registered Public Accounting Firm — Audit Firm Fees and Services" and "Item 2 — Ratification of Appointment of Independent Registered Public Accounting Firm — Audit Committee Pre-Approval Policy" in the 2022 Proxy is incorporated herein by reference.

PART IV**Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as part of this Report:

1. Financial Statements

- Consolidated Statements of Earnings for 2022, 2021 and 2020
- Consolidated Statements of Comprehensive Income for 2022, 2021 and 2020
- Consolidated Balance Sheets as of July 31, 2022 and August 1, 2021
- Consolidated Statements of Cash Flows for 2022, 2021 and 2020
- Consolidated Statements of Equity for 2022, 2021 and 2020
- Notes to Consolidated Financial Statements
- Management's Report on Internal Control Over Financial Reporting
- Report of Independent Registered Public Accounting Firm (PCAOB ID 238)

2. Financial Statement Schedule

II - Valuation and Qualifying Accounts for 2022, 2021 and 2020

3. Exhibits

Reference is made to Item 15(b) below.

(b) *Exhibits*. The Exhibit Index, which immediately precedes the signature page, is incorporated by reference into this Report.

(c) *Financial Statement Schedules*. Reference is made to Item 15(a)(2) above.

Item 16. Form 10-K Summary

None.

INDEX TO EXHIBITS

- 2 [Stock and Asset Purchase Agreement, dated August 1, 2019, by and among Campbell Soup Company and Snacking Investments BidCo Pty Limited, is incorporated by reference to Exhibit 2.1 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on August 7, 2019.](#)
- 3(a) [Campbell's Restated Certificate of Incorporation, as amended through February 24, 1997, is incorporated by reference to Exhibit 3\(i\) to Campbell's Form 10-K \(SEC file number 1-3822\) for the fiscal year ended July 28, 2002.](#)
- 3(b) [By-Laws of Campbell Soup Company, amended and restated effective June 24, 2020, are incorporated by reference to Exhibit 3 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on June 25, 2020.](#)
- 4(a) [Indenture, dated November 24, 2008, between Campbell and The Bank of New York Mellon, as Trustee, is incorporated by reference to Exhibit 4\(a\) to Campbell's Registration Statement on Form S-3 \(SEC file number 333-155626\) filed with the SEC on November 24, 2008.](#)
- 4(b) [Form of First Supplemental Indenture, dated August 2, 2012, among Campbell, The Bank of New York Mellon and Wells Fargo Bank, National Association, as Series Trustee, to Indenture dated November 24, 2008, is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on August 2, 2012.](#)
- 4(c) [Form of Subordinated Indenture between Campbell and Wells Fargo Bank, National Association, as Trustee, is incorporated by reference to Exhibit 4.2 to Campbell's Registration Statement on Form S-3 \(SEC file number 333-249174\) filed with the SEC on September 30, 2020.](#)
- 4(d) [Indenture dated as of March 19, 2015, between Campbell and Wells Fargo Bank, National Association, as trustee, is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on March 19, 2015.](#)
- 4(e) [Form of 3.800% Notes due 2042 is incorporated by reference to Exhibit 4.1 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on August 2, 2012.](#)
- 4(f) [Form of 3.300% Note due 2025 is incorporated by referenced to Exhibit 4.2 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on March 19, 2015.](#)
- 4(g) [Form of 3.650% Note due 2023 is incorporated by reference to Exhibit 4.2.4 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on March 16, 2018.](#)
- 4(h) [Form of 3.950% Note due 2025 is incorporated by reference to Exhibit 4.2.5 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on March 16, 2018.](#)
- 4(i) [Form of 4.150% Note due 2028 is incorporated by reference to Exhibit 4.2.6 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on March 16, 2018.](#)
- 4(j) [Form of 4.800% Note due 2048 is incorporated by reference to Exhibit 4.2.7 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on March 16, 2018.](#)
- 4(k) [Form of 2.375% Note due 2030 incorporated by reference to Exhibit 4.2.1 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on April 24, 2020.](#)
- 4(l) [Form of 3.125% Note due 2050 incorporated by reference to Exhibit 4.2.2 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on April 24, 2020.](#)
- 4(m) [Description of securities incorporated by reference to Exhibit 4\(p\) to Campbell's Form 10-K \(SEC file number 1-3822\) filed with the SEC on September 26, 2019.](#)
- 10(a)+ [Campbell Soup Company 2005 Long-Term Incentive Plan, as amended and restated on November 18, 2010, is incorporated by reference to Campbell's 2010 Proxy Statement \(SEC file number 1-3822\) filed with the SEC on October 7, 2010.](#)
- 10(b)+ [Campbell Soup Company 2015 Long-Term Incentive Plan is incorporated by reference to Campbell's 2015 Proxy Statement \(SEC file number 1-3822\) filed with the SEC on October 9, 2015.](#)
- 10(c)+ [Campbell Soup Company Annual Incentive Plan, as amended on November 19, 2014, is incorporated by reference to Campbell's 2014 Proxy Statement \(SEC file number 1-3822\) filed with the SEC on October 1, 2014.](#)

- 10(d)+ [Campbell Soup Company Mid-Career Hire Pension Plan, as amended and restated effective as of January 1, 2009, is incorporated by reference to Exhibit 10\(a\) to Campbell's Form 10-Q \(SEC file number 1-3822\) for the fiscal quarter ended February 1, 2009.](#)
- 10(e)+ [First Amendment to the Campbell Soup Company Mid-Career Hire Pension Plan, effective as of December 31, 2010, is incorporated by reference to Exhibit 10\(a\) to Campbell's Form 10-Q \(SEC file number 1-3822\) for the fiscal quarter ended January 30, 2011.](#)
- 10(f)+ [Deferred Compensation Plan, effective November 18, 1999, is incorporated herein by reference to Exhibit 10\(e\) to Campbell's Form 10-K \(SEC file number 1-3822\) for the fiscal year ended July 30, 2000.](#)
- 10(g)+ [Campbell Soup Company Supplemental Retirement Plan \(formerly known as Deferred Compensation Plan II\), as amended and restated effective as of August 1, 2015, is incorporated herein by reference to Exhibit 4\(c\) to Campbell's Form S-8 \(SEC file number 333-216582\) filed with the SEC on March 9, 2017.](#)
- 10(h)+ [Form of Severance Protection Agreement is incorporated by reference to Exhibit 10\(i\) to Campbell's Form 10-K \(SEC file number 1-3822\) for the fiscal year ended July 30, 2017.](#)
- 10(i)+ [Form of Amendment to the Severance Protection Agreement is incorporated by reference to Exhibit 10\(j\) to Campbell's Form 10-K \(SEC file number\) for the fiscal year ended July 30, 2017.](#)
- 10(j)+ [Form of U.S. Severance Protection Agreement is incorporated by reference to Exhibit 10\(m\) to Campbell's Form 10-K \(SEC file number 1-3822\) for the fiscal year ended July 31, 2011.](#)
- 10(k)+ [Form of Amendment to U.S. Severance Protection Agreement is incorporated by reference to Exhibit 10\(o\) to Campbell's Form 10-K \(SEC file number 1-3822\) for the fiscal year ended July 31, 2016.](#)
- 10(l)+ [Campbell Soup Company Supplemental Employees' Retirement Plan, as amended and restated effective January 1, 2009, is incorporated by reference to Exhibit 10\(c\) to Campbell's Form 10-Q \(SEC file number 1-3822\) for the fiscal quarter ended February 1, 2009.](#)
- 10(m)+ [First Amendment to the Campbell Soup Company Supplemental Employees' Retirement Plan, effective as of December 31, 2010, is incorporated by reference to Exhibit 10\(c\) to Campbell's Form 10-Q \(SEC file number 1-3822\) for the fiscal quarter ended January 30, 2011.](#)
- 10(n)+ [Form of 2005 Long-Term Incentive Plan Nonqualified Stock Option Agreement is incorporated by reference to Exhibit 10 to Campbell's Form 10-Q \(SEC file number 1-3822\) for the fiscal quarter ended November 1, 2015.](#)
- 10(o)+ [Form of 2015 Long-Term Incentive Plan Nonqualified Stock Option Agreement is incorporated by reference to Exhibit 10\(dd\) to Campbell's Form 10-K \(SEC file number 1-3822\) for the fiscal year ended July 31, 2016.](#)
- 10(p)+ [Form of 2015 Long-Term Incentive Plan Performance Stock Unit Agreement \(Earnings Per Share\) is incorporated by reference to Exhibit 10\(b\) to Campbell's Form 10-Q \(SEC file number 1-3822\) for the fiscal quarter ended October 30, 2016.](#)
- 10(q)+ [Form of 2015 Long-Term Incentive Plan Performance Stock Unit Agreement \(Total Shareholder Return\) is incorporated by reference to Exhibit 10\(ff\) to Campbell's Form 10-K \(SEC file number 1-3822\) for the fiscal year ended July 31, 2016.](#)
- 10(r)+ [Form of 2015 Long-Term Incentive Plan Time-Lapse Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10\(c\) to Campbell's Form 10-Q \(SEC file number 1-3822\) for the fiscal quarter ended October 30, 2016.](#)
- 10(s)+ [Form of 2015 Long-Term Incentive Plan Time-Lapse Restricted Stock Unit Agreement incorporated by reference to Exhibit 10\(s\) to Campbell's Form 10-K \(SEC file number 1-3822\) for the fiscal year ended August 1, 2021.](#)
- 10(t)+ [Form of 2015 Long-Term Incentive Performance Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10\(t\) to Campbell's Form 10-K \(SEC file number 1-3822\) for the fiscal year ended August 1, 2021.](#)
- 10(u) [Five-Year Credit Agreement, dated September 27, 2021, by and among Campbell Soup Company, the Eligible Subsidiaries party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders named therein, incorporated by reference to Campbell's Form 10-Q \(SEC file number 1-3822\) for the fiscal quarter ended October 31, 2021.](#)
- 10(v) [Support Agreement, dated November 26, 2018, by and among Campbell Soup Company and Third Point LLC, Third Point Partners Qualified L.P., Third Point Partners L.P., Third Point Offshore Master Fund L.P., Third Point Ultra Master Fund L.P., Third Point Enhanced L.P., Third Point Advisors LLC, Third Point Advisors II LLC and the Revocable Trust of Goerge Strawbridge, Jr., dated January 21, 1991 is incorporated by reference to Exhibit 10.1 to Campbell's Form 8-K \(SEC file number 1-3822\) filed with the SEC on November 26, 2018.](#)

10(w)	<u>2022 Non-Employee Director Fees are incorporated by reference to Exhibit 10.1 to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended October 31, 2021.</u>
10(x)+	<u>First Amendment to the Campbell Soup Company Supplemental Retirement Plan effective November 30, 2018 is incorporated by reference to Exhibit 10(b) to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 27, 2019.</u>
10(y)+	<u>Second Amendment to the Campbell Soup Company Supplemental Retirement Plan effective September 16, 2020 is incorporated by reference to Exhibit 10(bb) to Campbell's Form 10-K (SEC file number 1-3822) for the fiscal year ended August 2, 2020.</u>
10(z)+	<u>Third Amendment to the Campbell Soup Company Supplemental Retirement Plan effective December 31, 2020 is incorporated by reference to Exhibit 10.1 to Campbell's Form 10-Q (SEC file number 1-3822) for the fiscal quarter ended January 31, 2021.</u>
10(aa)+	<u>Campbell Soup Company Executive Severance Pay Plan is incorporated by reference to Exhibit 10 to Campbell's Form 8-K (SEC file number 1-3822) filed with the SEC on April 2, 2019.</u>
21	<u>Subsidiary List.</u>
23	<u>Consent of Independent Registered Public Accounting Firm.</u>
24	<u>Powers of Attorney.</u>
31(a)	<u>Certification of Mark A. Clouse pursuant to Rule 13a-14(a).</u>
31(b)	<u>Certification of Mick J. Beekhuizen pursuant to Rule 13a-14(a).</u>
32(a)	<u>Certification of Mark A. Clouse pursuant to 18 U.S.C. Section 1350.</u>
32(b)	<u>Certification of Mick J. Beekhuizen pursuant to 18 U.S.C. Section 1350.</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
104	The cover page from this Annual Report on Form 10-K, formulated in Inline XBRL (see exhibit 101)
+This exhibit is a management contract or compensatory plan or arrangement.	

CAMPBELL SOUP COMPANY
Valuation and Qualifying Accounts

For the Fiscal Years ended July 31, 2022, August 1, 2021, and August 2, 2020

This schedule of valuation and qualifying accounts for continuing operations should be read in conjunction with the Consolidated Financial Statements. This schedule excludes amounts related to discontinued operations. See Note 3 to the Consolidated Financial Statements for additional information.

(Millions)	Balance at Beginning of Period	Charged to/ (Reduction in) Costs and Expenses	Deductions	Divestiture	Balance at End of Period
Fiscal year ended July 31, 2022					
Cash discount	\$ 6	\$ 136	\$ (137)	\$ —	\$ 5
Bad debt reserve	2	2	—	—	4
Returns reserve ⁽¹⁾	4	(1)	—	—	3
Total Accounts receivable allowances	\$ 12	\$ 137	\$ (137)	\$ —	\$ 12
Fiscal year ended August 1, 2021					
Cash discount	\$ 6	\$ 137	\$ (137)	\$ —	\$ 6
Bad debt reserve	4	—	(2)	—	2
Returns reserve ⁽¹⁾	4	—	—	—	4
Total Accounts receivable allowances	\$ 14	\$ 137	\$ (139)	\$ —	\$ 12
Fiscal year ended August 2, 2020					
Cash discount	\$ 6	\$ 139	\$ (139)	\$ —	\$ 6
Bad debt reserve	3	2	—	(1)	4
Returns reserve ⁽¹⁾	4	1	(1)	—	4
Total Accounts receivable allowances	\$ 13	\$ 142	\$ (140)	\$ (1)	\$ 14

⁽¹⁾ The returns reserve is evaluated quarterly and adjusted accordingly. During each period, returns are charged to net sales in the Consolidated Statements of Earnings as incurred. Actual returns were approximately \$110 million in 2022, \$100 million in 2021, and \$99 million in 2020, or less than 2% of net sales.

SUBSIDIARY LIST

Name of Subsidiary and Name Under Which It Does Business	Jurisdiction of Incorporation
1035 Line Company	Delaware
3330472 Nova Scotia Company	Canada
CAH Corporation	Delaware
Campbell Argentina S.A.	Argentina
Campbell Company of Canada	Canada
Campbell EU Investment Company	Delaware
Campbell Finance 2 Corp.	Delaware
Campbell Foodservice Company	Pennsylvania
Campbell Hong Kong Limited	Hong Kong
Campbell International Holdings Inc.	Delaware
Campbell Investment Company	Delaware
Campbell Jin Bao Tang, Inc.	Delaware
Campbell MFG 1 Company	Delaware
Campbell Sales Company	New Jersey
Campbell Soup Asia Limited	Hong Kong
Campbell Soup Dominicana, S.A.	Dominican Republic
Campbell Soup Supply Company L.L.C.	Delaware
Campbell Swire (HK) Ltd	Hong Kong
Campbell Swire (Xiamen) Co Ltd	China
Campbell U.S. Holdings, Inc.	Delaware
Campbell Urban Renewal Corporation	New Jersey
Campbell's de Mexico S.A. de C. V.	Mexico
CANEB L.L.C.	Delaware
CanFin Holdings Inc.	Delaware
CIRT Urban Renewal Corp.	New Jersey
Comercializadora Campbell de Guatemala, Limitada	Guatemala
CSC Brands LP	Delaware
CS Foods, LLC	Missouri
CSC Insights, Inc.	New Jersey
CSC Standards, Inc.	New Jersey
DFKA Ltd.	United Kingdom
EDS Investments, LLC	New Jersey
Joseph Campbell Company	New Jersey
Pacific Foods Investments, Inc.	Delaware
Pacific Foods of Oregon, LLC	Oregon
Pepperidge Farm, Incorporated	Connecticut
Snyder's-Lance, Inc.	North Carolina

The foregoing does not constitute a complete list of all subsidiaries of the registrant. Any subsidiaries that have been omitted do not, if considered in the aggregate as a single subsidiary, constitute a "Significant Subsidiary" as defined by the SEC.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-249174) and Form S-8 (Nos. 333-216582, 333-208441, 333-173583, 333-173582, 333-160381, 333-157850, 333-134675, 333-22803, 333-00729 and 33-59797) of Campbell Soup Company of our report dated September 22, 2022 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

September 22, 2022

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as her true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 8th day of September, 2022.

/s/ Fabiola R. Arredondo

Fabiola R. Arredondo
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as his true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 8th day of September, 2022.

/s/ Howard M. Averill

Howard M. Averill
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as his true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 7th day of September, 2022.

/s/ John P. Bilbrey
John P. Bilbrey
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as his true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 8th day of September, 2022.

/s/ Bennett Dorrance, Jr.
Bennett Dorrance, Jr.
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as her true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 7th day of September, 2022.

/s/ Maria Teresa Hilado

Maria Teresa Hilado
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as his true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 8th day of September, 2022.

/s/ Grant H. Hill

Grant H. Hill
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as her true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 7th day of September, 2022.

/s/ Sarah Hofstetter
Sarah Hofstetter
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as his true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 13th day of September, 2022.

/s/ Marc B. Lautenbach
Marc B. Lautenbach
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as her true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 7th day of September, 2022.

/s/ Mary Alice Malone
Mary Alice Malone
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as his true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 8th day of September, 2022.

/s/ Keith R. McLoughlin
Keith R. McLoughlin
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as his true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 7th day of September, 2022.

/s/ Kurt T. Schmidt
Kurt T. Schmidt
Director

**POWER OF ATTORNEY
ANNUAL REPORT ON FORM 10-K**

The undersigned, a director of Campbell Soup Company, a New Jersey corporation, hereby constitutes and appoints each of Adam G. Ciongoli and Charles A. Brawley, III, together and separately, as his true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, in his name, place and stead, in any and all capacities, to execute Campbell Soup Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2022, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 8th day of September, 2022.

/s/ Archbold D. van Beuren
Archbold D. van Beuren
Director

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

I, Mark A. Clouse, certify that:

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

Date: September 22, 2022

By: /s/ Mark A. Clouse

Name: Mark A. Clouse

Title: President and Chief Executive Officer

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

I, Mick J. Beekhuizen, certify that:

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

Date: September 22, 2022

By: /s/ Mick J. Beekhuizen
Name: Mick J. Beekhuizen
Title: Executive Vice President and Chief Financial Officer

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

In connection with the Annual Report of Campbell Soup Company (the "Company") on Form 10-K for the fiscal year ended July 31, 2022 (the "Report"), I, Mark A. Clouse, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 22, 2022

By: /s/ Mark A. Clouse
Name: Mark A. Clouse
Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required under Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the Annual Report of Campbell Soup Company (the "Company") on Form 10-K for the fiscal year ended July 31, 2022 (the "Report"), I, Mick J. Beekhuizen, Executive Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 22, 2022

By: /s/ Mick J. Beekhuizen
Name: Mick J. Beekhuizen
Title: Executive Vice President and Chief Financial
Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required under Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.