StoneCastle Financial Corp.
Form 497
August 28, 2018

Filed Pursuant to Rule 497
Securities Act File No. 333-204417
Investment Company Act File No. 811-22853

BASE PROSPECTUS

$150,000,000

Common Stock
Preferred Stock
Subscription Rights
Debt Securities

Investment Company. StoneCastle Financial Corp. (we, us, our or the Company) is a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the Investment Company Act). We have elected to be treated, and intend to comply with the requirements to qualify annually, as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). We are managed by StoneCastle Asset Management LLC (the Advisor), a subsidiary of Stone Castle Partners, LLC (StoneCastle Partners), a leading asset management firm that invests in community banks and related financial assets throughout the United States. StoneCastle Partners and its subsidiaries managed almost $13.7 billion of assets focused on community banks, including approximately $1.3 billion of capital invested in more than 250 banking institutions and over $12.4 billion of institutional cash in over 800 banks as of December 31, 2017.

Investment Objectives. Our primary investment objective is to provide stockholders with current income, and to a lesser extent capital appreciation. There can be no assurance that we will achieve our investment objectives.

We may offer, from time to time, in one or more offerings or series, together or separately, up to $150 million of our common stock, preferred stock, subscription rights or debt securities, which we refer to, collectively, as the securities. We may sell our securities through underwriters or dealers, at-the-market to or through a market maker into an existing trading market or otherwise directly to one or more purchasers or through agents or through a combination of methods of sale. The identities of such underwriters, dealers, market makers or agents, as the case may be, will be described in one or more supplements to this prospectus. The securities may be offered at prices and on terms to be described in one or

more supplements to this prospectus. In the event we offer common stock, the offering price per share of our common stock exclusive of any underwriting commissions or discounts will not be less than the net asset value (NAV) per share of our common stock at the time we make the offering except (1) in connection with a rights offering to our existing stockholders, (2) with the consent of the majority of our common stockholders and approval of our board of directors or (3) under such circumstances as the Securities and Exchange Commission (the SEC) may permit. See Risk Factors for more information.

Investing in our securities involves risks. See Risk Factors beginning on page 49 of this prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 28, 2018

Our common stock is listed on the NASDAQ Global Select Market under the symbol BANX . On August 10, 2018, the last reported sale price of our common stock on the NASDAQ Global Select Market was $21.76 per share.

This prospectus sets forth information about us that a prospective investor should know before investing. This prospectus may not be used to consummate sales of securities by us through underwriters, dealers or agents unless it is accompanied by a prospectus supplement. You should read this prospectus any accompanying prospectus supplement carefully and retain it for future reference. We have filed a Statement of Additional Information, dated August 28, 2018, containing additional information about us with the SEC, which is incorporated by reference in its entirety into this prospectus. You may request a free copy of the Statement of Additional Information or our annual and semi-annual reports or make shareholder inquiries or request other information about us by calling us collect at (212) 354-6500 or by writing to us at 152 West 57th Street, 35th Floor, New York, New York 10019. You can also obtain, free of charge, a copy of our Statement of Additional Information and our annual and semi-annual reports to stockholders on our website at *www.stonecastle-financial.com*. The content contained in, or that can be accessed through, our website is not a part of this prospectus. You can review and copy documents we have filed at the SEC s Public Reference Room in Washington, DC. Call 1-800-SEC-0330 for information. The SEC charges a fee for copies. You can obtain the same information free from the SEC s website at *http://www.sec.gov*, on which you may view our Statement of Additional Information, and other materials incorporated by reference to this prospectus and other information about us. You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the SEC s Public Reference Section, 100 F Street N.E., Room 1580, Washington, D.C. 20549.

Our common stock does not represent a deposit or obligation of, and is not guaranteed or endorsed by, any bank or other insured depository institution and is not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus or any accompanying prospectus supplement. You must not rely on any unauthorized information or representations not contained in this prospectus or any accompanying prospectus supplement as if we had authorized it. We are offering to sell, and seeking offers to buy, shares of securities only in jurisdictions where offers and sales are permitted. This prospectus and any accompanying prospectus supplement does not constitute an offer to sell or the solicitation of an offer to buy any security other than the securities offered by this prospectus and any accompanying prospectus supplement, nor does this prospectus or any accompanying prospectus supplement constitute an offer to sell or the solicitation of an offer to buy securities by anyone in any jurisdiction in which such offer or solicitation would be unlawful. The information contained in this prospectus and any accompanying prospectus supplement is accurate only as of the date of this prospectus and any accompanying prospectus supplement, regardless of the time of delivery of this prospectus, any accompanying prospectus or any sale of securities.

TABLE OF CONTENTS

	Page
PROSPECTUS SUMMARY	1
FEES AND EXPENSES	19
FINANCIAL HIGHLIGHTS	21
CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS	23
TRADING AND NET ASSET VALUE INFORMATION	24
USE OF PROCEEDS	25
DISTRIBUTION POLICY	25
THE COMPANY	25
LEVERAGE	38
MANAGEMENT	42
RISK FACTORS	49
DETERMINATION OF NET ASSET VALUE	73
DIVIDEND REINVESTMENT PLAN	74
PLAN OF DISTRIBUTION	76
DESCRIPTION OF SECURITIES	77
MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS	88
CERTAIN ERISA CONSIDERATIONS	95
CLOSED-END FUND STRUCTURE	96
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	96
ADMINISTRATOR, CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR	96
LEGAL MATTERS	96
APPENDIX A	A-1

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus, including Risk Factors, before making a decision to invest in our securities. This summary may not contain all of the information that you should consider before investing in the securities of StoneCastle Financial Corp. In the prospectus, unless the context suggests otherwise, references to we, us, Company, our company or our refer to StoneCastle Financial Corp., a Delaware corporation and its subsidiaries; references to Advisor mean StoneCastle Asset Management LLC, a Delaware limited liability company; references to StoneCastle Partners mean Stone Castle Partners, LLC, the parent of StoneCastle Asset Management LLC, our Advisor; references to common stock or shares mean the common stock of StoneCastle Financial Corp; and references to securities mean the common stock, preferred stock, subscription rights and debt securities of StoneCastle Financial Corp.

The Company

StoneCastle Financial Corp. was organized on February 7, 2013 as a Delaware corporation established to continue and expand the business of StoneCastle Partners, which commenced operations in 2003, making investments in the community banking sector throughout the United States. Our primary investment objective is to provide stockholders with current income and, to a lesser extent, capital appreciation. We expect to continue to focus our investments on preferred equity, subordinated debt, convertible securities and, to a lesser extent, common equity that will generally be expected to pay us dividends and interest on a current basis and generate capital gains over time. We may seek to enhance our returns through the use of warrants, options and other equity conversion features.

We have elected to be treated, and intend to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code.

Investment Objectives

Our primary investment objective is to provide stockholders with current income, and to a lesser extent, capital appreciation. There can be no assurance that we will achieve our investment objectives.

We attempt to achieve our investment objectives through investment in preferred equity, subordinated debt, convertible securities and common equity in the U.S. community bank sector. See Community Banking Sector Focus. To a lesser extent, we also invest in similar securities of larger U.S. domiciled banks and companies that provide goods and/or services to banking companies. Together with banks, we refer to these types of companies as banking-related businesses and intend, under normal circumstances, to invest at least 80% of the value of our net assets plus the amount of any borrowings for investment purposes in such businesses.

We expect to continue to focus our portfolio of securities and investments on the bank sector, with an emphasis on community banks. We intend to continue to direct investments in numerous issuers differentiated by asset size, business models and geographies.

We may indirectly invest in securities issued by banks through structured securities and credit derivatives. We currently invest in equity and junior debt tranches of collateralized loan obligations, or CLOs, and other debt securitizations, that are collateralized by a portfolio consisting primarily of unsecured, subordinated loans made to (and, to a lesser extent, unsecured, subordinated debentures and notes issued by) community banks or savings institutions or their respective holding companies. We may also invest in other securities and instruments that are related to these investments or that our Advisor believes are consistent with our investment objectives, including senior debt tranches of CLOs and loan accumulation facilities. These indirect investments provide exposure to and focus on the same types of direct investments that we make in banking companies and, accordingly, our investments in structured securities and credit derivatives that provide exposure to banking related business are considered an investment in banking-related businesses. We believe that the use of such instruments complement our overall strategy and enhance the diversity of our holdings.

With the proceeds of this equity offering and future equity offerings we will seek to grow and further diversify our portfolio of investments. We may also incur additional leverage to the extent permitted by the Investment Company Act. See Leverage. Although we normally seek to invest substantially all of our assets in banking-related securities, we reserve the ability to invest up to 20% of our assets in other types of securities and instruments.

Additionally, we may take temporary defensive positions that are inconsistent with our investment strategy in attempting to respond to adverse market, economic, political or other conditions. If we do so, we may not achieve our investment objective. We may also choose not to take defensive positions.

Our Advisor

StoneCastle Asset Management LLC, an SEC-registered investment advisor dedicated to the community banking sector that was formed on November 14, 2012, manages our assets. Our Advisor is registered with the SEC under the Investment Advisers Act of 1940, as amended (the Investment Advisers Act). Our Advisor is staffed with investment professionals from its affiliates, which collectively manage one of the largest portfolios of assets dedicated to the U.S. community bank sector, with over a ten-year history of investing in trust preferred capital securities issued by, or, other obligations of, community, regional and money center banks. As of December 31, 2017, StoneCastle Partners and its subsidiaries managed almost $13.7 billion of assets focused on community banks, including approximately $1.3 billion of capital invested in more than 250 banking institutions and over $12.4 billion of institutional cash in over 800 banks. Our Advisor s investment philosophy is grounded in disciplined, fundamental, bottom-up credit and investment analysis. We intend to continue to use our Advisor s existing community banking infrastructure to identify attractive investment opportunities and to underwrite and monitor our investment portfolio.

Our Advisor is wholly-owned by StoneCastle Partners. StoneCastle Partners is managed by its two managing partners: Joshua S. Siegel (founder & CEO) and George Shilowitz (each, a Managing Partner and, together, the Managing Partners). Charlesbank Capital Partners, LLC, a leading private equity investment manager, and CIBC Capital Corporation (CIBC Capital), a subsidiary of Canadian Imperial Bank of Commerce, own minority interests in StoneCastle Partners.

Each of our Advisor s investment decisions is reviewed and approved for us by our Advisor s investment committee, the members of which may also act as the investment committee for other investment vehicles managed by our Advisor or its affiliates. Our Advisor s two senior officers, Messrs. Siegel and Shilowitz, each have over twenty years of experience advising and investing in financial institutions, investing in financial assets and building financial services companies.

Our Advisor has entered into a staffing agreement with StoneCastle Partners and several of its affiliates. Under the staffing agreement, these companies make experienced investment professionals available to our Advisor and provide our Advisor access to the senior investment personnel of StoneCastle Partners and its affiliates. Our Advisor intends to capitalize on the significant deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of StoneCastle Partners investment professionals. Biographical information for key members of our Advisor s investment team is set forth below under Management Biographical Information. As our investment advisor, our Advisor is obligated to allocate investment opportunities among us and its other clients in accordance with its allocation policy; however, there can be no assurance that our Advisor will allocate such opportunities to us fairly or equitably in the short-term or over time.

Community Banking Sector Focus

We intend to pursue our investment objective by continuing to invest principally in public and privately-held community banks located throughout the United States. For the purpose of our investment objectives and this prospectus, we define community bank to mean banks, savings associations and their holding companies with less than $10 billion in consolidated assets that serve local markets. As of December 31, 2017, the community banking sector is a highly fragmented $3.0 trillion industry, comprised of over 5,600 banks located throughout the United States, including underserved rural, semi-rural, suburban and other niche markets. Community banks generally have simple, straightforward business models and geographically concentrated credit exposure. Community banks

typically do not have exposure to non-U.S. credit and are focused on lending to borrowers in their distinct communities. As a result, we believe that community banks frequently have a better understanding of the local businesses they finance than larger banking organizations. Many of these community banks are well established, having been in business on average for more than 75 years, and having survived many economic cycles, including the most recent financial crisis. We expect to continue to focus our investments in the bank sector with an emphasis on community banks. We intend to continue to direct investments in numerous issuers differentiated by asset sizes, business models and geographies. To a lesser extent, we may also invest in similar securities of larger U.S. domiciled banks and companies that provide goods and/or services to banking companies.

Market Opportunity

We believe that the community banking sector is attractive due to the strong long-term performance of community banks and the general lack of investment competition from institutional investors. The Company was formed to invest in the ongoing capital needs of community banks. We believe that the environment for investing in community banks is attractive for the following reasons:

- *Long-Term Resiliency of Community Banks*. The community banking industry has a long history of resiliency and historically has exhibited a low rate of failure. According to data from the Federal Deposit Insurance Company (FDIC), since 1934, FDIC insured banks and thrifts have failed at an annual rate of 0.37%, with peak cycle one-year failure rates of 3.22% in 1989 (S&L crisis), 1.96% in 2010 (Great Recession) and 0.54% in each of 1937 and 1938 (Great Depression). We believe that these figures are comparable with Baa and Ba Moody s rated corporate bond default rates, which experienced an average annual default rate since 1920 of approximately 0.27% for Moody s Baa-rated corporate bonds and 1.07% for Ba-rated bonds, with the highest one year default rates of 1.99% and 11.69%, for Baa-rated and Ba-rated corporate bonds, respectively, as reported in Annual Default Study: Corporate Default and Recovery Rates, 1920-2013 released on February 28, 2014.

- *Greater Equity Cushions.* While community banks are generally subject to the same regulations as their larger competitors, community banks have historically maintained significantly larger amounts of equity capital. Given that community banks do not typically have access to different forms of capital from the public markets, most equity in community banks is comprised of common equity, a form considered of the highest quality by federal and state banking regulators. As of December 31, 2017, banks with less than $10 billion of assets maintained Tier 1 risk-based capital ratios 13% higher than banks with more than $10 billion of assets. Given that banks over $10 billion have 57% higher non-current loans to loans (1.3% vs. 0.83%), community banks generally have significantly better equity cushions than their larger competitors.

- *Large Fragmented Market.* Community banks collectively controlled nearly $3.0 trillion of financial assets as of December 31, 2017. Despite significant industry consolidation since 1980, as of December 31, 2017 there were still more than 5,600 FDIC-insured banks in the United States. As of such date, more than 98% of these banks had less than $10 billion of assets and many primarily service their local communities. We believe that the highly fragmented nature of the industry poses significant challenges for potential investors seeking to implement a diversified investment strategy.

- *Robust Demand for Capital.* Regulatory changes are requiring all banks to hold increased levels of capital. This requirement creates what we believe to be strong demand for capital in the form of preferred equity, subordinated debt, convertible securities and common equity. Further, capital is needed to facilitate ongoing consolidation within the banking industry, including acquisitions of failed banks from the FDIC. Lastly, organic growth of well-positioned institutions also supports demand. Our Advisor estimates that the community banking sector will require more than $35 billion of capital over the next several years to facilitate (i) compliance with heightened regulatory capital ratios, (ii) acquisition of competitors and failed banks and (iii) organic asset growth. This estimate is in part based on the size of the trust preferred Collateralized Debt Obligation (CDO) market and the phase out of trust preferred securities from the definition of Tier 1 capital.

- *Constrained Supply of Capital.* We believe that the supply of new capital available to community banks is extremely constrained and will remain so for many years. We also believe that there are many community banks with well-established franchises and cash flow characteristics that are not attracting capital from private equity or other institutional investors because: (i) they are perceived by such investors as risky due to their size; (ii) the companies are located in rural or niche markets that are unfamiliar to institutional investors; or (iii) the investments in these companies are too small given (a) the size of the target companies and (b) limitations on majority ownership dictated by certain banking regulations. We believe that these companies represent attractive investment candidates for us. We believe that this lack of institutional investor interest and the inability of most community banks to access the capital markets will enable us to invest at attractive pricing levels.

- *Sector Overlooked by Institutional Capital Providers.* We believe that many investors historically have avoided investing in community banks due to the small size of these banks, their heavy regulation, the Bank Holding Company Act of 1956, as amended (the Bank Holding Company Act) which imposes ownership restrictions and the perception that community banks are riskier than larger financial institutions. In addition, many capital providers lack the necessary technical expertise to evaluate the quality of the small- and mid-sized privately-held community banks and lack a network of relationships to identify attractive opportunities.

- *Favorable Market Conditions.* We believe that the substantial re-pricing of risk resulting from the recent financial crisis along with significantly improved bank balance sheets since the worst period of the crisis has created an ideal environment for us to continue our investment activities. Bank failures and unprecedented losses by large money-center banks and investment banks related to sub-prime mortgages and other higher risk financial products have negatively affected the view of all banks, including smaller banks not engaged in such activities. As a consequence, valuations of financial institutions have declined substantially since 2004, allowing potential investors to dictate favorable terms.

Summary of Principal Risks

An investment in our securities involves risk, and we urge you to consult your tax and legal advisors before making an investment in our securities. You could lose some or all of your investment. See Risk Factors.

An investment in our common stock involves significant risks, including:

Risks Related to Our Operations

- There can be no assurance that we will achieve our business objectives.

- Our performance is highly dependent on our Advisor.

- Most of our assets will be unrated, illiquid, and their fair value may not be readily determinable.

- Our Advisor may rely on assumptions that prove to be incorrect.

- Our Advisor and its affiliates may serve as investment advisor to other funds, investment vehicles and investors, which may create conflicts of interest not in the best interest of us or our stockholders.

- TARP Preferred are perpetual, which means these securities do not have a maturity date and we are not permitted to cause them to be redeemed.

- TARP Preferred are callable, which means the issuer may buy back these securities. As of December 31, 2017, the current dividend rate on the majority of TARP Preferred is 9%. A majority of these securities experienced a dividend rate increase to 9% from 5% in late 2013 or through early 2015.

- We expect that the majority of the new issue preferred stock in which we invest will be non-cumulative and our portfolio may consist of (i) up to 100% of non-cumulative preferred equity securities, (ii) a substantial amount of cumulative preferred equity securities or (iii) any combination thereof.

- We operate with leverage, which may adversely affect our return on our assets and may reduce cash available for distribution.

- Our investment portfolio is recorded at fair value, with our board of directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value and, as a result, there is uncertainty as to the value of our investments.

- Our investments will be subject to dividend and interest rate fluctuations, and we are subject to interest rate risk. In particular, our investments in subordinated or unsecured debt securities that are perpetual or have maturities in excess of ten years subject us to a high degree of interest rate risk.

- We may acquire CLO equity and junior debt securities that are subordinated to more senior tranches of CLO debt. CLO equity and junior debt securities are typically highly levered and, therefore, the junior debt and equity tranches in which we are currently invested and in which we may invest will be subject to a higher degree of risk of total loss. Investors in CLO securities indirectly bear risks of the collateral held by such CLOs. We generally have the right to receive payments only from the CLOs, and generally do not have direct rights against the underlying borrowers or the entity that sponsored the CLO. While the CLOs in which we invest or may invest generally enable the investor to acquire interests in a pool of senior secured loans without the expenses associated with directly holding the same investments, we generally pay a proportionate share of the CLOs administrative and other expenses. Although it is difficult to predict whether the prices of assets underlying CLOs will rise or fall, these prices (and, therefore, the prices of the CLOs securities) are influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. CLOs present risks including default (credit), interest rate and prepayment risks. The interests we acquire in CLOs generally are thinly traded or have only a limited trading market. CLO securities are typically privately offered and sold, even in the secondary market. As a result, investments in CLO securities are illiquid and the price at which these securities are sold may be less than the price used to calculate our NAV.

- We may compete with a number of other prospective investors for desirable investment opportunities.

- We may generate low or negative rates of return on capital, and we may not be able to execute our business plans as expected, if at all.

- Our business model depends to a significant extent upon strong referral relationships, and our inability to maintain or develop these relationships, as well as the failure of these relationships to generate investment opportunities, could adversely affect our business.

- If we are unable to source investments effectively, we may be unable to achieve our investment objective.

- Our quarterly results may fluctuate.

- We make distributions to our stockholders on a quarterly basis out of assets legally available for distribution, including net investment income, capital gains, paid-in capital and borrowings. If the amount of any distribution exceeds our net investment income or capital gains, then all or a portion of such distribution could constitute a return of capital to stockholders rather than dividend income for tax purposes. A return of capital distribution has the effect of lowering stockholders basis in their shares, which will result in higher tax liability when the shares are sold, even if such shares have not increased in value or have, in fact, lost value. In addition to the tax consequences, such a distribution is a return of a shareholder s own investment, but distributed net of Fund expenses, and will decrease the funds available for investment by the Fund. For our fiscal years ended December 31, 2017 and 2016, all of the distributions the Fund made to stockholders consisted of income generated from our investment portfolio. Derivatives transactions may limit our income or result in losses.

- Financing arrangements with lenders or preferred shareholders may limit our ability to make dividend payments to our stockholders.

- We may change our business strategy and operational policies without stockholder consent (unless stockholder consent is specifically required by the Investment Company Act), which may result in a determination to pursue riskier business activities.

- Laws and regulations may prohibit the banks in which we invest from paying interest and/or dividends to us.

- Legal and regulatory changes could occur that may adversely affect us.

- We may be required to register as a commodity pool operator.

- Market fluctuations caused by force majeure, terrorism or certain other acts may adversely affect our performance.

- Changes in interest rates may affect our net investment income, reinvestment risk and the probability of defaults of our investments.

Risks Related to Our Use of Leverage

- We currently have a bank loan to finance investments as a form of leverage. We also have authority to issue preferred stock or engage in reverse repurchase agreements to finance investments.

- Leverage exaggerates the effects of market downturns or upturns on the NAV and market value of our common stock, as well as on distributions to holders of our common stock.

- Leverage can also increase the volatility of our NAV, and expenses related to leverage can reduce our income.

- In the case of leverage, if our assets decline in value so that asset coverage requirements for any borrowings or preferred stock would not be met, we may be prevented from paying distributions, which could jeopardize our qualification for pass-through tax treatment, make us liable for excise taxes and/or force us to sell portfolio securities at an inopportune time.

- The use of leverage through investments such as CLO equity or junior debt securities that inherently involve leverage, may magnify our risk of loss. CLO equity or junior debt securities are very highly leveraged, and therefore the CLO securities in which we are currently invested and in which we intend to invest are subject to a higher degree of loss since the use of leverage magnifies losses.

- The Company utilizes a revolving credit agreement with Texas Capital Bank, N.A. (Texas Capital Bank) (the Credit Facility). The terms of the Credit Facility were last amended in May 2017, to provide for a maximum borrowing amount of $62 million and a fee of LIBOR +2.35%, with a maturity date of May 2022. The Credit Facility contains customary covenants, negative covenants and default provisions, including covenants that limit our ability to incur additional debt or consolidate or merge into or with any person, other than as permitted, or sell, lease or otherwise transfer, directly or indirectly, all or substantially all of its assets. Prior to the May 2017 amendment, the Credit Facility had been with a syndicate of financial institutions that was led by Texas Capital Bank, it had a five-year term maturing in June 2019, was priced at a term of 1, 2 or 3-month London Interbank Offered Rate (LIBOR) plus 2.85%, and permitted us to borrow up to $70.0 million. As of December 31, 2017, $$25.8 million was committed and drawn on the Credit Facility.

- The Credit Facility imposes asset coverage requirements, which are more stringent than those imposed by the Investment Company Act, or by our policies. In addition, we agreed not to purchase assets not contemplated by the investment policies and restrictions in effect when the Credit Facility became effective unless changes to these policies and restrictions are consented to by Texas Capital Bank.

- The covenants or guidelines under the Credit Facility could impede the Advisor from fully managing our portfolio in accordance with our investment objectives and policies. Furthermore, non-compliance with such covenants or the occurrence of other events could lead to the cancellation of the Credit Facility.

- For as long as the Credit Facility remains in effect, we may not incur additional debt under any other facility, except in limited circumstances.

- The Credit Facility allows us to prepay borrowings under the Credit Facility at any time. We do not anticipate that such guidelines will have a material adverse effect on the holders of our common stock or on our ability to achieve our investment objectives. We may also consider alternative measures of obtaining leverage in the future.

See Leverage, and also Risk Factors Risks Related to Our Use of Leverage, for further information.

Risks Related to Investing in Community Banking Sector

- Our assets will be concentrated in the banking industry, potentially exposing us to greater risks than companies that invest in multiple sectors.

- We primarily invest in equity and debt securities issued by community banks, subjecting us to unique risks.

- All of our investments are subject to liquidity risk, but we may face higher liquidity risk if we invest in debt obligations and other securities that are unrated and issued by banks that have no corporate rating.

- We expect to keep our portfolio of securities and investments focused on the bank sector, with an emphasis on community banks, which would make us more economically vulnerable in the event of a downturn in the banking industry.

- A large number of community banks may fail during times of economic stress.

- We expect to keep our portfolio of securities and investments focused on the bank sector, with an emphasis on community banks whose business is subject to greater lending risks than larger banks.

Bank Regulatory Risk

- The banking institutions in which we invest are subject to substantial regulations that could adversely affect their ability to operate and the value of our investments.

- We may become subject to adverse current or future banking regulations.

- Ownership of our stock by certain types of regulated institutions may subject us to additional regulations.

- Investments in banking institutions and transactions related to our portfolio investments may require approval from one or more regulatory authorities.

- If we were deemed to be a bank holding company or thrift holding company, bank holding companies or thrift holding companies that invest in us would be subject to certain restrictions and regulations.

Risks Related to Our Advisor and/or its Affiliates

- Our performance is dependent on our Advisor, and we may not find a suitable replacement if the management agreement is terminated.

- The departure or death of any of the members of senior management of our Advisor or StoneCastle Partners may adversely affect our ability to achieve our business objective; our management agreement does not require the availability to us of any particular individuals.

- If our Advisor ceases to be our manager under our management agreement, financial institutions that provided our credit facilities may not provide future financing to us.

- Our Advisor s liability is limited under our management agreement, and we have agreed to indemnify our Advisor against certain liabilities.

- There may be potential conflicts of interest between our management and our Advisor, on one hand, and the interest of our common stockholders, on the other.

- We are limited in our ability to conduct transactions with affiliates.

- Our Advisor s investment committee is not independent from its management.

- We may compete with our Advisor s current and future investment vehicles for access to capital and assets.

- There may be other conflicts of interest in our relationship with our Advisor and/or its affiliates that could negatively affect our earnings.

- Our Advisor s management of our business is subject to the oversight of our board of directors, but our board of directors will not approve each business decision made by our Advisor.

- Our Advisor may be incentivized to incur additional leverage, up to the extent permitted by regulations, even if additional leverage is not in the best interests of the Company s stockholders.

Risks Related to Offerings

- The price for our common stock may be volatile.

- The price for our common stock is subject to market risk.

- Future offerings of debt securities or preferred stock, which would rank senior to our common stock upon our liquidation, and future offerings of equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market value of our common stock.

Risks Related to Taxation

- Despite our election to be treated as a RIC, we may not be able to meet the requirements to maintain an election to be treated as a RIC.

- We will be subject to corporate-level federal income tax on all of our income if we are unable to maintain RIC status under Subchapter M of the Code.

- Whether an investment in a RIC is appropriate for a Non-U.S. Stockholder will depend upon the Non-U.S. Stockholder s particular circumstances.

We strongly urge you to review carefully the discussion under Material U.S. Federal Income Tax Considerations and to seek advice based on your particular circumstances from an independent tax advisor.

Competitive Advantages

We believe that our significant focus on the community banking sector provides us with a strong competitive advantage relative to non-specialized investors. We believe that we are well-suited to meet the capital needs of the community banking sector for the following reasons:

- *Experience in the Community Banking Sector.* The current investment platform of our Advisor s affiliate, StoneCastle Partners, provides us with significant advantages in sourcing, evaluating, executing and managing investments. StoneCastle Partners and its subsidiaries managed almost $13.7 billion of assets focused on community banks, including approximately $1.3 billion of capital invested in more than 250 banking institutions and over $12.4 billion of institutional cash in over 800 banks as of December 31, 2017.

- *Substantial Access to Deal Flow.* In order to execute our business strategy, we currently rely on what we believe to be our Advisor s and its affiliates strong reputations and deep relationships with issuers, underwriters, financial intermediaries and sponsors, as well as our exclusive investment referral and endorsement relationships with CAB Marketing, LLC and CAB, L.L.C. (collectively referred to as CAB), subsidiaries of the American Bankers Association (ABA). Pursuant to the agreements governing these relationships, CAB assists us with the promotion and identification of potential investment opportunities through marketing campaigns, placements at ABA events and introductions to banks seeking capital. In addition, CAB has granted to us a license to use the CAB name, Corporation for American Banking, in connection with our investment program. We may use this name in connection with the promotion and identification activities, including emails, press releases, events and due diligence questionnaires targeting ABA members. Most capital raising activities by community banks are conducted through privately-negotiated transactions that occur outside of traditional institutional investment channels, including the capital markets. We believe that StoneCastle Partners and CAB s large network of relationships will help us to identify attractive investment opportunities and will provide us with a competitive advantage. The ABA and its subsidiaries have not endorsed any future offering, and you should not construe references to them in this prospectus as such an endorsement.

- *Experienced Management Team.* StoneCastle Partners and its affiliates are led by StoneCastle Partners two Managing Partners, Joshua S. Siegel and George Shilowitz, and as of December 31, 2017, had approximately 65 employees. Our investment team is comprised of professionals who have substantial expertise investing in community banks, and includes former senior bankers, credit officers, private equity investors, rating agency analysts, bank examiners, fixed income specialists and attorneys.

- *Specialized / Proprietary Systems.* During the past decade, StoneCastle Partners has invested substantial funds and resources into the development of its proprietary analytic systems/database that is dedicated to analyzing banks (the RAMPART systems). RAMPART currently tracks and analyzes every bank in the United States and provides our investment professionals with significant operational leverage, allowing our team to sort through vast amounts of data to screen for potential investments. We believe that few institutional investors have developed infrastructure comparable to that of StoneCastle Partners and its affiliates.

• *Disciplined Investment Philosophy and Risk Management.* Our Advisor s senior investment professionals have substantial experience structuring investments that balance the needs of community banks with appropriate levels of risk control. Our Advisor s investment approach for us emphasizes current income and, to a lesser extent, capital appreciation through common equity, warrants, options and conversion features. Given that a significant portion of our investments are fixed income-like (including preferred stock), preservation of capital is our priority and we seek to minimize downside risk by investing in banks that exhibit the potential for long-term stability (See The Company Investment Process and Due Diligence).

• *Few Organized Competitors.* We believe that several factors render many U.S. investors and financial institutions ill-suited to lend to or invest in community banks. Historically, the relatively small size of individual community banks and certain regulatory requirements limiting control have deterred many institutional investors, including private equity investors, from making those investments. We believe that, as a consequence, few institutional investors have developed and possess the specialized skills and infrastructure to

efficiently analyze and monitor investments in community banks on a large scale. Based on the experience of our management team, investing in community banks requires specialized skills and infrastructure, including: (i) the ability to analyze small community banking institutions and the local economies in which they do business; (ii) specialized systems to analyze and track vast amounts of bank performance data; (iii) a deep understanding and working relationship with state and federal regulators that oversee community banks; and (iv) brand awareness within the community banking industry and a strong reputation as a long-term partner that understands the needs of community banks to originate investment opportunities successfully.

- *Extended Investment Horizon.* Unlike private equity investors, we are not subject to standard periodic capital return requirements. These provisions often force private equity investors to seek returns on their investments through mergers, public equity offerings or other liquidity events more quickly than they otherwise might prefer, potentially resulting in a lower overall return to investors. We believe that our flexibility to make investments with a long-term view, and without the capital return requirements of traditional private investment funds, provides us with the opportunity to generate attractive returns on invested capital.

Targeted Investment Characteristics

Our business strategy focuses on minimizing risk by using a disciplined underwriting process in providing capital to community banks. We expect to continue to focus on investing in community banks that exhibit the following characteristics:

- *Experienced Management.* We seek to invest in community banks with management teams or sponsors that are experienced in running local banking businesses and managing risk. We seek community banks that have a particular market focus, expertise in that market and a track record of success. Further, we actively seek to invest in banks with senior management teams with significant ties to their local communities.

- *Stability of Earnings.* We seek to invest in community banks with the potential to generate stable cash flows over long periods of time, and therefore we presently seek out institutions that have a defined lending strategy and predictable sources of interest revenues, stable sources of deposits and predictable expenses.

- *Stability of Market.* We seek to invest in community banks whose core business is conducted in one or more geographic markets that have sustainable local economies. The market characteristics we seek include stable or growing employment bases and favorable long-term demographic trends, among other characteristics.

- *Growth Opportunities.* We seek to invest in healthy community banks headquartered in markets which provide significant organic growth opportunities or headquartered in highly fragmented markets where industry consolidation is likely providing the opportunity for community banks to grow through acquisitions of smaller competitors.

- *Strong Competitive Position.* We focus on community banks that have developed strong market positions within their respective markets and that are well positioned to capitalize on growth opportunities. We seek to invest in companies that demonstrate competitive advantages that should help to protect and potentially expand their market position and profitability. Typically, we do not expect to invest in newly organized institutions or community banks having highly speculative business plans.

- *Visibility of Exit.* When investing in common equity, we seek investments that we expect to result in an exit opportunity. Exits may come through the conversion of an investment into public shares; an initial public offering of shares by the bank; the sale of the bank; or the repurchase of shares by the bank or another financial investor.

Investments

We primarily invest in securities issued by public and privately held community banks, initially in amounts generally ranging between approximately $3 million to $20 million (unless our investment size is otherwise constrained or expanded by applicable law, rule or regulation). We have an existing pipeline of potential

investments that meet our criteria, consisting primarily of preferred equity, subordinated debt, convertible securities and, to a lesser extent, common equity. We invest in accordance with our Advisor s investment policy in primarily the following assets:

TARP Assets: We own and may continue to own one or more portfolios of perpetual preferred stock issued by community banks under the U.S. Department of the Treasury s (U.S. Treasury) Troubled Asset Relief Program (TARP) Capital Purchase Plan. Under TARP, more than 450 community banks issued in excess of $10 billion of perpetual preferred stock in 2008 and 2009 (TARP Preferred) and approximately $2.2 billion in TARP Preferred issued by approximately 121 institutions. We intend to purchase these securities through secondary market transactions.

Preferred and Common Equity Assets: We continue to receive capital requests from numerous community banks regarding potential investments initially in amounts ranging from approximately $3 million to $20 million per investment. Preferred stock may have fixed or variable dividend rates, which may be subject to rate caps and collars. In connection with our investments, we may also receive options or warrants to purchase common or preferred equity.

Regardless of the type of capital security, we intend to invest the majority of our portfolio in institutions that are currently paying dividends or interest on their securities, that our Advisor believes have the ongoing ability to pay dividends or interest on their securities, and that are not currently a party to any regulatory enforcement actions that would limit or hinder their ability to pay dividends or interest. While we do not intend to invest a significant portion of our funds in institutions that do not meet these criteria, we may invest in institutions that our Advisor believes have the ability to emerge from such conditions, pay any accrued interest or cumulative unpaid dividends at emergence and begin the normalized payment of interest or dividends in arrears and/or as frequently stipulated by the issuance in question.

From time to time, we may also invest in Tier 2 qualifying debt securities (long term subordinated debt securities) and other debt securities or hybrid instruments issued by community banks or their holding companies. Additionally, we may invest in Tier 1 qualifying debt securities. These debt securities may have fixed or floating interest rates.

Regulatory capital regulations adopted in response to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) and the Third Basel Accord of the Basel Committee on Banking Supervision (Basel III) require banks to increase their Tier 1 capital and reduce their leverage ratios. These regulations also generally require that, in order to qualify as Tier 1 capital, preferred stock must be non-cumulative in nature (only TARP Preferred and certain securities issued by small bank holding companies, defined as holding companies with less than $500 million in consolidated assets, may be cumulative and qualify as Tier 1 capital). We expect that the majority of the new issue preferred stock in which we invest will be non-cumulative. While these existing and any future regulatory capital requirements may cause community banks to raise additional capital, these regulations may make some community banks less likely to pay dividends on preferred stock and common stock.

In addition, future changes in regulatory capital regulations may negatively or positively affect our investments and may subject us to additional pre-payment and capital redeployment risk.

Most of our assets are and, we expect, will be illiquid, and their fair value may not be readily determinable. Accordingly, there can be no assurance that we will be able to realize the value at which we carry such assets if we need to dispose of them. As a result, we can provide no assurance that any given asset could be sold at a price equal to the value at which we carry it. We believe that a majority of the investments we will make will not be rated by a nationally recognized statistical rating organization (NRSRO). If such investments were rated by a NRSRO, we believe they may be rated below investment grade.

Collateralized Loan Obligations and other Structured Securities. A CLO is a special purpose vehicle that is formed to finance a pool of loans which meet predefined investment criteria. It generally raises capital by issuing both debt and equity securities. Typically, a CLO will issue various classes, or tranches, of debt broadly categorized as senior and subordinate debt tranches as well as an equity tranche.

CLO securities receive cash flows generated by underlying collateral according to a defined payment waterfall. Principal and interest payments to CLO debt tranches are typically paid sequentially, with senior debt tranches receiving cash flows prior to subordinate debt tranches. The risk and return to CLO debt tranches vary depending upon each tranche s right to collect cash flows generated by the underlying collateral. CLO debt tranches are generally rated, with ratings ranging from the highest investment grade to below investment grade, with coupons commensurate with the risk of each tranche. CLO debt tranches are also generally structured with covenants which, if violated, divert cash flows to the senior tranches prior to making any interest or principal payments to subordinate debt tranches or equity tranches.

Unlike debt securities issued by CLOs, CLO equity securities are not rated and do not have contractually stated payment schedules. At origination, the weighted average interest rate of all CLO debt tranches is generally lower than the weighted average interest earned by a CLO s underlying collateral, resulting in an interest rate spread. CLO equity securities receive residual cash flows, or the interest spread, generated by the underlying collateral after obligated payments for CLO debt securities and other expenses of the CLO have been made. CLO equity tranches typically comprise approximately 10%-20% of total capital raised by a CLO.

CLO equity tranches can generate relatively front-end loaded cash flows. CLO equity cash flows are also highly dependent on the credit performance of their underlying collateral pool. If loans within the collateral pool default, the reduced amount of performing collateral leads to lower cash flows available for distribution through CLO waterfalls, resulting in lower residual cash flows available for equity tranches. Residual cash flows are also impacted by changes in portfolio spreads for CLO collateral. Declines in spreads on newly issued collateral during the reinvestment period result in lower residual cash flows available for equity tranches.

Community Funding CLO, Ltd. (CF 2015). On October 15, 2015, we purchased $45.5 million of preferred shares (Preferred Shares) issued by CF 2015. CF 2015 is a bank credit collateralized loan securitization that issued an aggregate of $250.5 million in notes and equity including $205.0 million of Class A Notes rated A3 by Moody Investors Service secured by the assets of CF 2015, (Class A Notes) and $45.5 million in Preferred Shares. The transactions were executed through a private placement of an aggregate of $205 million of Class A Notes rated A3 by Moody s Investors Service and $45.5 million of Preferred Shares. In partial consideration for loans transferred to CF 2015 by the Company, we retained all of the Preferred Shares. All of the securities are scheduled to mature in November 2027.

Class A Notes are primarily secured by a collateral pool consisting of unsecured, subordinated loans made to (and, to a lesser extent, unsecured, subordinated debentures and notes issued by) FDIC-insured community banks or savings institutions or their respective holding companies (each such entity issuing such loans, debentures or notes, an Obligor). Each such subordinated loan is subordinated to senior debt of, and demand deposits (if any) at, the related Obligor, but senior to trust preferred obligations, preferred stock (including perpetual preferred stock issued by such Obligor pursuant to the U.S. Treasury s Troubled Asset Relief Program (TARP) Capital Purchase Plan and the Small Business Lending Fund), and common stock issued by the related Obligor. These Obligors are generally not publicly rated by any rating agency. The loans may have greater credit and liquidity risks than investment-grade corporate obligations that are publicly rated. The collateral are not deposits and are not insured by the FDIC or any government agency or instrumentality thereof. The CF 2015 s collateral pool was purchased through the application of the net proceeds of the sale of the Class A Notes. The collateral pool owned by CF 2015 is static, and there will be no replacement collateral included in the collateral pool; however, removal of certain collateral will be permitted under certain limited circumstances.

The interest rate payable on Class A Notes is (i) for each interest accrual period during the period from and including October 15, 2015 to but excluding the payment date in November 2020, 5.75%, and (ii) for each interest accrual period thereafter, 6.40%. The Preferred Shares do not bear a stated rate of interest but are entitled to receive distributions on each payment date solely to the extent of excess interest proceeds and/or principal proceeds, if any.

CF 2015 has retained StoneCastle Investment Management, LLC (the Servicer), an affiliate of our Advisor, to perform certain administrative functions on behalf of CF 2015 pursuant to a servicing agreement dated October 15, 2015 (the Servicing Agreement). Pursuant to the terms of the Servicing Agreement, the Servicer, among other things, monitors and services CF 2015 s collateral, provides to the CF 2015 s collateral administrator and administrative agent certain information and reviews the reports prepared pursuant to the indenture relating to the Class A Notes. Under the terms of the Servicing Agreement, Servicer is entitled to a fee in an amount equal to

0.10% per annum of the sum of (a) the aggregate principal balance of the collateral obligations (excluding any defaulted obligations), (b) the aggregate outstanding principal balance of defaulted obligations and (c) without duplication, the amounts on deposit representing principal proceeds. This fee is paid directly by CF 2015 to the Servicer. The Servicer has agreed to remit its fees received under the Servicing Agreement to us so long as we continue to hold all of the Preferred Shares of CF 2015. Prior to the closing date of the transaction, the Servicer advised CF 2015 with respect to the selection and acquisition of the collateral. Such loans were selected in accordance with the criteria set forth in the documents governing the CF 2015 transaction. These are primarily objective requirements determined by the constraints of the market for collateralized debt obligations, and are generally designed to comply with regulations governing commercial lending and similar financing activities in the United States and the requirements of Rule 3a-7 under the 1940 Act.

The Preferred Shares issued by CF 2015 to us are limited recourse, unsecured obligations of CF 2015 payable solely from payments made under the portfolio loans and other assets held by CF 2015 and, in the event of a portfolio loan event of default, from the proceeds of any liquidation of the collateral underlying such portfolio loans. Additionally, for as long as the Class A Notes remain outstanding, holders of the Preferred Shares will not generally be entitled to exercise remedies under the indenture. As an unsecured class of securities, the interests and rights of holders of CF 2015 s Preferred Shares in and to the portfolio loans and other assets owned by CF 2015 are subject to the prior claims of secured creditors of CF 2015 and are potentially subject to or will rank equally with the claims of other unsecured creditors of CF 2015.

Preferred Shares of CF 2015 held by us are subordinated in right of payment on each payment date to prior payments on the Class A Notes and to certain amounts payable by CF 2015 as administrative expenses, including the fees paid to the Servicer under the Servicing Agreement, and to the claims of other unsecured creditors of CF 2015.

CF 2015 may only make payments on such securities to the extent permitted by the payment priority provisions of the indenture governing the notes, which generally provides that principal payments on the Preferred Shares may not be made on any payment date unless all amounts owing under the Class A Notes are paid in full. In addition, if CF 2015 does not meet the coverage test set forth in the documents governing the CF 2015 transaction, cash would be diverted from the Preferred Shares to first pay the Class A Notes in amounts sufficient to cause such tests to be satisfied. Therefore, to the extent that any losses are suffered by noteholders or preferred shareholders as a result of losses on the portfolio loans and other assets owned by CF 2015, such losses will be borne in the first instance by the holders of the Preferred Shares, then by the holders of the Class A Notes.

We believe that debt securitizations benefit from internal credit enhancement, meaning that holders of more senior classes of notes issued by CF 2015 benefit from the terms of subordination applicable to the more junior classes of notes issued by CF 2015. Thus, Class A Notes enjoy the benefit of credit enhancement effectively provided by the subordination provisions of the Preferred Shares.

The documents governing the CF 2015 transaction expressly provide that we are not, and cannot be held, liable for any shortfall in payments or any defaults on any of the classes of notes issued by CF 2015 in connection with the securitization because such obligations are the obligations of CF 2015 only, and the sole recourse for such obligations is to the collateral owned by CF 2015 rather than our assets. Under the terms of the documents related to the CF 2015 transaction, recourse to us is limited and generally consistent with the terms of other similarly structured finance transactions.

The pool of loans in CF 2015 must meet certain requirements, including asset mix and concentration, collateral coverage, term, agency rating, minimum coupon, minimum spread and sector diversity requirements.

13

Community Funding 2018, LLC (CF 2018). As of the date of this prospectus, the Company has invested $22.86 million in the interests of CF 2018, representing all of the outstanding securities of CF 2018. CF 2018 is a structured financing vehicle that finances, originates and services loans to FDIC-insured community banks or savings institutions or their respective holding companies (previously defined as Obligors). Such loans are pledged as collateral to secure loans made to CF 2018 by one more insurance companies (Lender) under a credit and security agreement with a final maturity date in July 2028. The Obligors are generally not publicly rated by any rating agency. The loans held by CF 2018 may have greater credit and liquidity risks than investment-grade corporate obligations that are publicly rated. These loans are not deposits and are not insured by the FDIC or any government agency or instrumentality thereof. The Company purchased its interests in CF 2018 with an initial contribution of cash and securities and subsequent cash contributions. The CF 2018 Interests are unsecured equity interests that do not bear a stated rate of interest but entitle us to receive distributions on each payment date solely to the extent of excess interest proceeds and/or principal proceeds, if any. This means that we can only lose the amount that we invested in CF 2018, we are not liable for the liabilities of CF 2018, and we will not receive distributions from CF 2018 for a period until CF 2018 pays its interest and principal payments to the Lender for that period.

CF 2018 has retained the Servicer to perform certain administrative functions pursuant to a servicing agreement dated February 7, 2018 (the Servicing Agreement). Pursuant to the terms of the Servicing Agreement, the Servicer, among other things, monitors and services CF 2018 s collateral loans, provides to the CF 2018 s lenders, collateral administrator and administrative agent certain information and reviews the reports prepared pursuant to the credit agreement. Under the terms of the Servicing Agreement, Servicer is entitled to a fee payable in arrears in an amount equal to 0.30% per annum of the sum of the aggregate principal balance of the collateral loans (excluding any ineligible, defaulted or defaulted loans). This fee is paid directly by CF 2018 to the Servicer. The Servicer has agreed to remit its fees received under the Servicing Agreement to us so long as we continue to hold all of the interests of CF 2018.

We believe that securitizations such as CF 2015 and CF 2018 enable us to deploy our capital efficiently and to increase our capacity to generate income from providing financing to community banks.

Convertible Securities: We may invest in convertible securities. Convertible securities include any debt securities or preferred stock which may be converted into common stock or which carry the right to purchase common stock.

Generally, convertible securities entitle us to exchange the securities for a specified number of shares of common stock, usually of the same company, at specified prices within a certain period of time.

The terms of any convertible security determine its ranking in a company s capital structure. In the case of subordinated convertible debentures, the holders claims on assets and earnings are subordinated to the claims of other creditors, and are senior to the claims of preferred and common shareholders. In the case of convertible preferred stock, the holders claims on assets and earnings are subordinated to the claims of all creditors and are senior to the claims of common shareholders.

Convertible securities have characteristics similar to both debt and equity securities. Due to the conversion feature, the market value of convertible securities tends to move together with the market value of the underlying common stock. As a result, selection of convertible securities, to a great extent, is based on the potential for capital appreciation that may exist in the underlying stock. The value of convertible securities is also affected by prevailing interest rates, the credit quality of the issuer, and any call provisions. In some cases, the issuer may cause a convertible security to convert to common stock. In other situations, it may be advantageous for us to cause the conversion of convertible securities to common stock. If a convertible security converts to common stock, we may hold such common stock in our portfolio even if we would not invest in the common stock of such issuer.

We may invest in contingent securities structured as contingent convertible securities also known as CoCos . Contingent convertible securities are typically issued by non-U.S. banks and are designed to behave like bonds in times of economic health yet absorb losses when a pre-determined trigger event occurs. A contingent convertible security is a hybrid debt security either convertible into equity at a predetermined share price or written down in value based on the specific terms of the individual security if a pre-specified trigger event occurs (the Trigger Event). Unlike traditional convertible securities, the conversion of a contingent convertible security from debt to equity is contingent and will occur only in the case of a Trigger Event. Trigger Events vary by instrument and are defined by the documents governing the contingent convertible security. Such Trigger Events may include a decline in the issuer s capital below a specified threshold level, increase in the issuer s risk weighted assets, the share price of the issuer falling to a particular level for a certain period of time and certain regulatory events.

Contingent convertible securities are subject to the credit, interest rate, high yield security, foreign security and markets risks associated with bonds and equities, and to the risks specific to convertible securities in general. Contingent convertible securities are also subject to additional risks specific to their structure including conversion risk. Because Trigger Events are not consistently defined among contingent convertible securities, this risk is greater for contingent convertible securities that are issued by banks with capital ratios close to the level specified in the Trigger Event. In addition, coupon payments on contingent convertible securities are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no remedies to require re-instatement of coupon payments or payment of any past missed payments. Coupon payments may also be subject to approval by the issuer s regulator and may be suspended in the event there are insufficient distributable reserves. Due to uncertainty surrounding coupon payments, contingent convertible securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

Contingent convertible securities typically are structurally subordinated to traditional convertible bonds in the issuer s capital structure. In certain scenarios, investors in contingent convertible securities may suffer a loss of capital ahead of equity holders or when equity holders do not. Contingent convertible securities are also subject to extension risk. Contingent convertible securities are perpetual instruments and may only be callable at predetermined dates upon approval of the applicable regulatory authority. There is no guarantee that we will receive return of principal on contingent convertible securities. Convertible contingent securities are a newer form of instrument and the regulatory environment for these instruments continues to evolve. Because the market for contingent convertible securities is evolving, it is uncertain how the larger market for contingent convertible securities would react to a Trigger Event or coupon suspension applicable to a single issuer.

The value of contingent convertible securities is unpredictable and will be influenced by many factors such as: (i) the creditworthiness of the issuer and/or fluctuations in such issuer s applicable capital ratios; (ii) supply and demand for contingent convertible securities; (iii) general market conditions and available liquidity; and (iv)

economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

Leverage

We have borrowed funds and expect to continue to borrow to fund our investment activities, which is also known as utilizing leverage. While we may enter into borrowing arrangements with banks or other lenders that are unsecured, we currently fund a portion of our investments with a secured debt facility. We will operate with leverage through recourse and non-recourse collateralized financings, private or public offerings of debt, warehouse facilities, secured and unsecured bank credit facilities, reverse repurchase agreements and other borrowings. Additionally, we may create one or more wholly-owned special purpose subsidiaries to facilitate secured borrowing structures.

We have borrowed to fund a portion of our assets and intend to limit our overall borrowing to meet the limitations set forth under the Investment Company Act. Accordingly, we will limit (i) leverage from debt securities to one-third of our total assets, including the proceeds of such borrowings, at the time such borrowings are calculated and (ii) the total aggregate liquidation value and outstanding principal amount of any preferred stock and debt securities to 50% or less of the amount of our total assets (including the proceeds of debt securities and preferred stock) less liabilities and indebtedness not represented by our debt securities and preferred stock, each in accordance with the requirements of the Investment Company Act. Although we have no present intention to do so, we may also operate with leverage by issuing preferred stock.

We seek a leverage ratio, based on a variety of factors including market conditions and our Advisor s market outlook, where the rate of return, net of applicable expenses, on the Company s investment portfolio investments purchased with leverage exceeds the costs associated with such leverage.

As of December 31, 2017, we incurred leverage through borrowings under the Credit Facility that permitted the Company to borrow up to $62 million as of that date of which $25.8 million was committed and drawn. Our asset coverage ratio as of December 31, 2017, was 648%. As of December 31, 2016, we incurred leverage through borrowings under the Credit Facility that permitted the Company to borrow up to $70 million as of that date of which $61.5 million was committed and drawn. As of such date, our asset coverage ratio was 325%. See Leverage Effects of Leverage for a description of our credit agreement.

Following the completion of the offering, we may increase the amount of leverage outstanding. We may incur additional borrowings in order to maintain our desired leverage ratio of 30%. Leverage creates a greater risk of loss, as well as a potential for more gain, for the common stock than if leverage was not used. Interest on borrowings may be at a fixed or floating rate, and the interest at a floating rate generally will be based on short-term rates. The costs associated with our use of leverage, including the issuance of such leverage and the payment of dividends or interest on such leverage, will be borne entirely by the holders of common stock. As long as the rate of return, net of our applicable expenses, on our investment portfolio investments purchased with leverage exceeds the costs associated with such leverage, we will generate more return or income than will be needed to pay such costs. In this event, the excess will be available to pay higher dividends to holders of common stock. Conversely, if the return on such assets is less than the cost of leverage and our other expenses, the return to the holders of our common stock will diminish. To the extent that we use leverage, the NAV and market price of our common stock and the yield to holders of common stock will be more volatile. Our leveraging strategy may not be successful. Our Advisor s fee is based on Managed Assets , which means our total assets (including cash and cash equivalents and any assets purchased with or attributable to any borrowed funds). Because our Advisor s fee is based on Managed Assets, our Advisor s fee will be higher if we utilize leverage. See Risks Related to Our Use of Leverage.

In order to reduce the interest rate and credit risks associated with our investments and use of leverage, we expect to utilize derivatives including interest rate swaps, caps, floors and forward transactions and credit default swaps, total return swaps and credit-linked notes. In addition, we may utilize futures and warrants in order to hedge against changes in market prices of the securities of the publicly-traded banks in which we invest.

Conflicts of Interest

Our Advisor is subject to certain conflicts of interest in our management. These conflicts arise primarily from the involvement of our Advisor and its affiliates in other activities that may conflict with our activities. Our Advisor and its affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, they may engage in activities where their interests or the interests of their clients may conflict with our interests and the interest of the holders of our common stock. Other present and future activities of our Advisor and its affiliates may give rise to additional conflicts of interest which may have a negative impact on us and the holders of our common stock.

Our Advisor s compliance department and legal department oversee its conflict-resolution system. This system emphasizes the principle of fair and equitable allocation of appropriate opportunities to our Advisor s clients over time. As a result of our Advisor s allocation policies, we may not be able to invest in all opportunities that are appropriate for us and this may have the effect of reducing our potential earnings. Although our Advisor has agreed with us that it will allocate opportunities among its clients pursuant to its written policies and procedures, there is no assurance that these policies and procedures will work as intended or that we will be allocated our fair share of investment opportunities over time.

Corporate Information

Our principal executive offices are located at 152 West 57th Street, 35th Floor, New York, New York 10019. Our telephone number is (212) 354-6500.

Advisor Information

The offices of our Advisor are located at 152 West 57th Street, 35th Floor, New York, New York 10019. The telephone number for our Advisor is (212) 354-6500.

Who May Want to Invest

Investors should consider their investment goals, time horizons and risk tolerance before investing in our securities. An investment in our securities is not appropriate for all investors, and our securities are not intended to be a complete investment program. Our securities are designed as a long-term investment and not as a trading vehicle. Our securities may be an appropriate investment for investors who are seeking:

- potential recurring dividend and interest cash flow;
- an investment company focused primarily on the community bank sector;

- an investment company whose capital structure may be significantly leveraged;
- an investment company that will invest in preferred equity, subordinated debt, convertible securities and common equity;
- an investment company that may be suitable for retirement or other tax exempt accounts; and
- professional securities selection and active management by an experienced advisor.

FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in shares of our common stock will bear, directly or indirectly. Other expenses are estimated and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by you or us or that we will pay fees or expenses, stockholders will indirectly bear such fees or expenses. **We caution you that certain of the indicated percentages in the table below indicating annual expenses are estimates and may vary.**

Stockholder Transaction Expenses (as a percentage of offering price):	
Sales Load (1)	3.00%
Offering Expenses (2)	0.25%
Dividend Reinvestment Plan Expenses(3)	None(3)
Total Stockholder Transaction Expenses	**3.25%**
Annual Expenses (as a percentage of net assets attributable to common stock):	
Management Fees(4)	2.48%
Interest payments on borrowed funds(5)	2.00%
Other Expenses (estimated for the current fiscal year)(6)	1.49%
Total Annual Expenses	**5.97%**

---

(1) In the event that the securities to which this prospectus relates are sold to or through underwriters or agents, a corresponding prospectus supplement will disclose the applicable sales load.

(2) The related prospectus supplement will disclose the estimated amount of total offering expenses (which may include offering expenses borne by third parties on our behalf), the offering price and the offering expenses borne by us as a percentage of the offering price.

(3) The expenses associated with the administration of our dividend reinvestment plan are included in Other Expenses. Participants in the dividend reinvestment plan that instruct the plan administrator to sell shares obtained under the plan may be accessed a $15 transaction fee by the plan administrator and the proceeds of such sale will be net of brokerage commissions, fees and transaction costs. For more details about the plan, see Dividend Reinvestment Plan.

(4) For the purposes of calculating our expenses, we have assumed the maximum contractual management fee of 1.75% of Managed Assets. See Management Management Agreement.

(5) We entered into a revolving credit agreement on June 9, 2014. Interest expense assumes that leverage will represent approximately 30% of our Managed Assets (as defined under Management Management Agreement Management Fee) and charge interest or involve payment at a rate set by an interest rate transaction at an annual average rate of approximately 3.62% for the year ended December 31, 2017. We have assumed for purposes of these expense estimates that we will utilize leverage for the entire year.

(6) Pursuant to the management agreement, our Advisor furnishes us with office facilities and clerical and administrative services necessary for our operation (other than services provided by our custodian, accounting agent, administrator, dividend and interest paying agent and other service providers). We bear all expenses incurred in our operations, and we will bear the expenses related to any future offering. Other Expenses above includes all such costs

not borne by our Advisor, which may include but are not limited to overhead costs of our business, commissions, fees paid to CAB Marketing, LLC and CAB, L.L.C., subsidiaries of the ABA, as part of our exclusive investment referral and endorsement relationships with those subsidiaries, fees and expenses connected with our investments and auditing, accounting and legal expenses. See Management Management Agreement Payment of Our Expenses. Other Expenses also includes Acquired Fund fees and expenses, which expenses are estimated to not exceed one basis point of our average net assets for the current fiscal year.

Example

The following example demonstrates the hypothetical dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. These amounts are based upon the assumption that our annual operating expenses remain at the levels set forth in the table above and that the annual return on investments before fees and expenses is 5%.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return:	$ 90	$ 203	$ 314	$ 583

The purpose of the table and example above is to assist you in understanding the various costs and expenses that an investor in any future offering will bear directly or indirectly. The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown.

Moreover, while the example assumes a 5% annual return, our performance will vary and may result in a return greater or less than 5%. In addition, while the example assumes reinvestment of all distributions at NAV, participants in our dividend reinvestment plan may receive common stock valued at the market price in effect at that time. This price may be at, above or below NAV. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

The Other Expenses shown in the table and related footnote above are based on estimated amounts for our current fiscal year of operation unless otherwise indicated. If we issue fewer shares of common stock, all other things being equal, certain of these percentages would increase. For additional information with respect to our expenses, see Management and Dividend Reinvestment Plan.

FINANCIAL HIGHLIGHTS

General

The financial highlights table below is intended to help you understand the Company s financial performance. The table sets forth selected data for a share of common stock outstanding for each period presented. The information for the fiscal years ended December 31, 2017, 2016 and 2015 has been audited by Tait, Weller & Baker LLP, the Company s independent registered public accounting firm (Tait Weller). The information for the fiscal year ended December 31, 2014 was audited by the Company s former independent registered public accounting firm. The information for the fiscal period ended December 31, 2013 contained in the table was audited by a second prior independent registered public accounting firm. Audited financial statements for the Company for the fiscal year ended December 31, 2017 are included in the Annual Report to stockholders. The December 31, 2017 Annual Report is incorporated by reference into the Statement of Additional Information and are available upon request by calling (212) 354-6500.

	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	For the Period Ended December 31, 2013
Per share operating performance					
Net Asset value, beginning of year	**$ 21.22**	**$ 21.62**	**$ 21.86**	**$ 23.07**	**$ 23.49(1)**
Net investment income/(loss)(2)	1.58	1.56	1.44	0.84	(0.09)
Net realized and unrealized gain (loss) on investments(2)	0.26	(0.50)	(0.17)	0.01	(0.05)
Offering costs(2)				(0.06)	
Total from investment operations	**1.84**	**1.06**	**1.27**	**0.79**	**(0.14)**
Less distributions to shareholders					
From net investment income	(1.50)	(1.46)	(1.29)	(1.22)	(0.28)
Return of capital			(0.22)	(0.78)	
Total distributions	**(1.50)**	**(1.46)**	**(1.51)**	**(2.00)**	**(0.28)**
Net asset value, end of year	**$ 21.56**	**$ 21.22**	**$ 21.62**	**$ 21.86**	**$ 23.07**
Per share market value, end of year	**$ 20.13**	**$ 18.69**	**$ 16.30**	**$ 19.47**	**$ 24.56**
Total investment return (3)					
Based on market value	**16.21%**	**24.45%**	**(8.68)%**	**(13.59)%**	**(0.62)%**
Based on net asset value	**9.62%**	**6.53%**	**7.88%**	**3.28%**	**(0.65)%**
Ratios and supplemental data					
Net assets end of period (in millions)	$ 141.0	$ 138.6	$ 140.8	$ 142.1	

Total Campbell Soup Company shareholders' equity	1,526	1,381
Noncontrolling interests	(2)	(4)
Total equity	1,524	1,377
Total liabilities and equity	$ 8,079	$ 8,090

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Cash Flows
(unaudited)
(millions)

	Six Months Ended	
	January 31, 2016	February 1, 2015
Cash flows from operating activities:		
Net earnings	$459	$470
Adjustments to reconcile net earnings to operating cash flow		
Restructuring charges	30	—
Stock-based compensation	34	31
Pension and postretirement benefit expense (income)	109	(12)
Depreciation and amortization	152	149
Deferred income taxes	(14)	18
Other, net	4	10
Changes in working capital		
Accounts receivable	(130)	(125)
Inventories	133	73
Prepaid assets	(2)	(3)
Accounts payable and accrued liabilities	(30)	(16)
Receipts from hedging activities	—	9
Other	(18)	(20)
Net cash provided by operating activities	727	584
Cash flows from investing activities:		
Purchases of plant assets	(153)	(143)
Sales of plant assets	4	8
Other, net	10	(8)
Net cash used in investing activities	(139)	(143)
Cash flows from financing activities:		
Net short-term borrowings (repayments)	(252)	171
Repayments of notes payable	—	(300)
Dividends paid	(197)	(199)
Treasury stock purchases	(86)	(133)
Treasury stock issuances	2	8
Excess tax benefits on stock-based compensation	7	5
Net cash used in financing activities	(526)	(448)
Effect of exchange rate changes on cash	(9)	(24)
Net change in cash and cash equivalents	53	(31)
Cash and cash equivalents — beginning of period	253	232
Cash and cash equivalents — end of period	$306	$201

See accompanying Notes to Consolidated Financial Statements.

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

	Campbell Soup Company Shareholders' Equity								
	Capital Stock Issued		In Treasury		Additional Paid-in Capital	Earnings Retained in the Business	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount					
Balance at August 3, 2014	323	$ 12	(10)	$ (356)	$ 330	$ 1,483	$ 145	$ (12)	$ 1,602
Net earnings (loss)						470		—	470
Other comprehensive income (loss)							(257)	—	(257)
Dividends ($.624 per share)						(198)			(198)
Treasury stock purchased			(3)	(133)					(133)
Treasury stock issued under management incentive and stock option plans			2	41	(14)				27
Balance at February 1, 2015	323	$ 12	(11)	$ (448)	$ 316	$ 1,755	$ (112)	$ (12)	$ 1,511
Balance at August 2, 2015	323	$ 12	(13)	$ (556)	$ 339	$ 1,754	$ (168)	$ (4)	$ 1,377
Net earnings (loss)						459		—	459
Other comprehensive income (loss)							(55)	2	(53)
Dividends ($.624 per share)						(196)			(196)
Treasury stock purchased			(2)	(86)					(86)
Treasury stock issued under management incentive and stock option plans			1	34	(11)				23
Balance at January 31, 2016	323	$ 12	(14)	$ (608)	$ 328	$ 2,017	$ (223)	$ (2)	$ 1,524

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements
(unaudited)
(currency in millions, except per share amounts)
1. Basis of Presentation and Significant Accounting Policies
In this Form 10-Q, unless otherwise stated, the terms “we,” “us,” “our” and the “company” refer to Campbell Soup Company and its consolidated subsidiaries.
The financial statements reflect all adjustments which are, in our opinion, necessary for a fair presentation of the results of operations, financial position, and cash flows for the indicated periods. The accounting policies we used in preparing these financial statements are substantially consistent with those we applied in our Annual Report on Form 10-K for the year ended August 2, 2015, with the exception of the changes in accounting policy related to our method of accounting for the recognition of actuarial gains and losses for defined benefit pension and postretirement plans and the calculation of expected return on pension plan assets as described below. As of the beginning of 2016, we are managing our operations under a new structure and have modified our segment reporting accordingly. Certain amounts in prior-year financial statements were reclassified to conform to the current-year presentation. The results for the period are not necessarily indicative of the results to be expected for other interim periods or the full year. Our fiscal year ends on the Sunday nearest July 31.
In 2016, we elected to change our method of accounting for the recognition of actuarial gains and losses for defined benefit pension and postretirement plans and the calculation of expected return on pension plan assets. Historically, actuarial gains and losses associated with benefit obligations were recognized in Accumulated other comprehensive loss in the Consolidated Balance Sheets and were amortized into earnings over the remaining service life of participants to the extent that the amounts were in excess of a corridor. Under the new policy, actuarial gains and losses will be recognized immediately in our Consolidated Statements of Earnings as of the measurement date, which is our fiscal year end, or more frequently if an interim remeasurement is required. In addition, we will no longer use a market-related value of plan assets, which is an average value, to determine the expected return on assets but rather will use the fair value of plan assets. We believe the new policies will provide greater transparency to ongoing operating results and better reflect the impact of current market conditions on the obligations and assets.
The changes in policy were applied retrospectively to all periods presented. As of August 4, 2014, the cumulative effect of these changes on the opening balance sheet was a $715 decrease to Earnings retained in the business, a decrease of $2 to Inventories, a $714 reduction to Accumulated other comprehensive loss, and an increase of $1 to Other current assets.
We recognized mark-to-market gains of $7 ($4 after tax, or $.01 per share) in the second quarter of 2016 and year-to-date mark-to-market losses of $121 ($76 after tax, or $.24 per share) in 2016 as certain U.S. plans were remeasured. The remeasurements were required due to a high level of lump sum payments to certain vested plan participants arising primarily out of a limited-time offer to accept a single lump sum in lieu of future annuity payments. No remeasurement was required in the prior year.
The impacts of the changes in policy to the consolidated financial statements are summarized below:

	Three months ended January 31, 2016			Three months ended February 1, 2015		
Consolidated Statements of Earnings	Prior Accounting Principles	Effect of Accounting Change	As Reported	Previously Reported	Effect of Accounting Change	Recast
Cost of products sold	$1,404	$(22)	$1,382	$1,506	$(15)	$1,491
Marketing and selling expenses	233	(10)	223	242	(3)	239
Administrative expenses	154	(8)	146	140	(5)	135
Research and development expenses	26	(3)	23	27	(2)	25
Earnings before interest and taxes	371	43	414	312	25	337
Earnings before taxes	344	43	387	287	25	312

Taxes on earnings	108	14	122	80	10	90
Net earnings	236	29	265	207	15	222
Net earnings attributable to Campbell Soup Company	$236	$29	$265	$207	$15	$222
Earnings per share — Basic	$.76	$.09	$.85	$.66	$.05	$.71
Earnings per share — Diluted	$.76	$.09	$.85	$.66	$.05	$.71

8

Consolidated Statements of Earnings	Six months ended January 31, 2016 Prior Accounting Principles	Effect of Accounting Change	As Reported	Six months ended February 1, 2015 Previously Reported	Effect of Accounting Change	Recast
Cost of products sold	$2,816	$14	$2,830	$2,978	$(27)	$2,951
Marketing and selling expenses	449	—	449	489	(7)	482
Administrative expenses	303	(1)	302	275	(9)	266
Research and development expenses	55	—	55	56	(3)	53
Earnings before interest and taxes	742	(13)	729	680	46	726
Earnings before taxes	687	(13)	674	630	46	676
Taxes on earnings	218	(3)	215	189	17	206
Net earnings	469	(10)	459	441	29	470
Net earnings attributable to Campbell Soup Company	$469	$(10)	$459	$441	$29	$470
Earnings per share - Basic	$1.51	$(.03)	$1.48	$1.41	$.09	$1.50
Earnings per share - Diluted [1]	$1.50	$(.03)	$1.47	$1.40	$.09	$1.50

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

Consolidated Statements of Comprehensive Income	Three months ended January 31, 2016 Prior Accounting Principles	Effect of Accounting Change	As Reported	Three months ended February 1, 2015 Previously Reported	Effect of Accounting Change	Recast
Foreign currency translation:						
Foreign currency translation adjustments	$(17)	$—	$(17)	$(167)	$10	$(157)
Pension and other postretirement benefits:						
Net actuarial gain (loss) arising during the period	23	(23)	—	13	(13)	—
Reclassification of net actuarial loss included in net earnings	32	(32)	—	24	(24)	—
Tax benefit / (expense)	$(20)	$20	$—	$(12)	$12	$—

Consolidated Statements of Comprehensive Income	Six months ended January 31, 2016 Prior Accounting Principles	Effect of Accounting Change	As Reported	Six months ended February 1, 2015 Previously Reported	Effect of Accounting Change	Recast
Foreign currency translation:						
Foreign currency translation adjustments	$(43)	$—	$(43)	$(250)	$12	$(238)
Pension and other postretirement benefits:						
Net actuarial gain (loss) arising during the period	(113)	113	—	17	(17)	—
Reclassification of net actuarial loss included in net earnings	109	(109)	—	48	(48)	—
Tax benefit / (expense)	$2	$(2)	$—	$(22)	$22	$—

9

Consolidated Balance Sheets	January 31, 2016 Prior Accounting Principles	Effect of Accounting Change	As Reported	August 2, 2015 Previously Reported	Effect of Accounting Change	Recast
Inventories	$862	$(7)	$855	$993	$2	$995
Other current assets	199	2	201	199	(1)	198
Accrued income taxes	73	2	75	29	—	29
Earnings retained in the business	2,767	(750)	2,017	2,494	(740)	1,754
Accumulated other comprehensive (loss) income	$(966)	$743	$(223)	$(909)	$741	$(168)

Consolidated Statements of Cash Flows	Six months ended January 31, 2016 Prior Accounting Principles	Effect of Accounting Change	As Reported	Six months ended February 1, 2015 Previously Reported	Effect of Accounting Change	Recast
Cash flow from operating activities:						
Net earnings	$469	$(10)	$459	$441	$29	$470
Pension and postretirement benefit expense / (income)	—	109	109	—	(12)	(12)
Deferred income taxes	(9)	(5)	(14)	1	17	18
Other, net	109	(105)	4	46	(36)	10
Inventories	124	9	133	71	2	73
Accounts payable and accrued liabilities	(32)	2	(30)	(16)	—	(16)
Net cash provided by operating activities	$727	$—	$727	$584	$—	$584

2. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued revised guidance on the recognition of revenue from contracts with customers. The guidance is designed to create greater comparability for financial statement users across industries and jurisdictions. The guidance also requires enhanced disclosures. The guidance was originally effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. In July 2015, the FASB decided to delay the effective date of the new revenue guidance by one year to fiscal years, and interim periods within those years, beginning after December 15, 2017. Entities will be permitted to adopt the new revenue standard early, but not before the original effective date. The guidance permits the use of either a full retrospective or modified retrospective transition method. We are currently evaluating the impact that the new guidance will have on our consolidated financial statements, as well as which transition method we will use.

In April 2015, the FASB issued guidance that requires debt issuance costs to be presented in the balance sheet as a reduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. The guidance must be applied on a retrospective basis and is effective for fiscal years beginning after December 15, 2015, and interim periods within those years. Early adoption is permitted. We do not expect the adoption to have a material impact on our consolidated financial statements.

In April 2015, the FASB issued guidance to clarify the accounting for fees paid by a customer in a cloud computing arrangement. The guidance is effective for fiscal years beginning on or after December 15, 2015, and interim periods within those years. Early adoption is permitted. The new guidance should be applied either prospectively to all arrangements entered into or materially modified after the effective date or retrospectively. We are currently evaluating the impact that the new guidance will have on our consolidated financial statements.

In September 2015, the FASB issued guidance that eliminates the requirement to restate prior period financial statements for measurement period adjustments for business combinations. The new guidance requires that the cumulative impact of a measurement period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. The guidance is effective for fiscal years beginning on or after December 15, 2015, and interim periods within those years and should be applied prospectively to measurement period adjustments that occur after the effective date. We will prospectively apply the guidance to applicable transactions.

In November 2015, the FASB issued guidance that amends the balance sheet classification of deferred taxes. The new guidance requires that deferred tax liabilities and assets be classified as noncurrent on the balance sheet. Previous guidance required deferred tax liabilities and assets to be separated into current and noncurrent amounts on the balance sheet. The guidance is effective for fiscal years beginning on or after December 15, 2016, and interim periods within those years. Early adoption is permitted as of

the beginning of an interim or annual reporting period. As of January 31, 2016, the balance of current deferred tax assets was approximately $110. We are currently evaluating when we will adopt the guidance and whether to use the prospective or retrospective method.

In January 2016, the FASB issued guidance that amends the recognition and measurement of financial instruments. The changes primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Under the new guidance, equity investments in unconsolidated entities that are not accounted for under the equity method will generally be measured at fair value through earnings. When the fair value option has been elected for financial liabilities, changes in fair value due to instrument-specific credit risk will be recognized separately in other comprehensive income. The guidance is effective for fiscal years beginning on or after December 15, 2017, and interim periods within those years. We are currently evaluating the impact that the new guidance will have on our consolidated financial statements.

In February 2016, the FASB issued guidance that amends accounting for leases. Under the new guidance, a lessee will recognize assets and liabilities for most leases but will recognize expenses similar to current lease accounting. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The new guidance must be adopted using a modified retrospective transition, and provides for certain practical expedients. We are currently evaluating the impact that the new guidance will have on our consolidated financial statements.

3. Acquisitions

On June 29, 2015, we completed the acquisition of the assets of Garden Fresh Gourmet for $232. Garden Fresh Gourmet is a provider of refrigerated salsa in North America, and it also produces hummus, dips and tortilla chips. It is included in the Campbell Fresh segment.

For the three- and six-month periods ended January 31, 2016, Garden Fresh Gourmet contributed $25 and $51, respectively, to Net sales. Its contribution to Net earnings was not material.

The following unaudited summary information is presented on a consolidated pro forma basis as if the Garden Fresh Gourmet acquisition had occurred on July 29, 2013:

	Three Months Ended February 1, 2015	Six Months Ended February 1, 2015
Net sales	$2,257	$4,537
Net earnings attributable to Campbell Soup Company	$222	$471
Net earnings per share attributable to Campbell Soup Company - assuming dilution	$.71	$1.50

The pro forma amounts include additional interest expense on the debt issued to finance the purchase, amortization and depreciation expense based on the estimated fair value and useful lives of intangible assets and plant assets, and related tax effects. The pro forma results are not necessarily indicative of the combined results had the Garden Fresh Gourmet acquisition been completed on July 29, 2013, nor are they indicative of future combined results.

4. Accumulated Other Comprehensive Income (Loss)

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

	Foreign Currency Translation Adjustments[1]	Gains (Losses) on Cash Flow Hedges[2]	Pension and Postretirement Benefit Plan Adjustments[3]	Total Accumulated Comprehensive Income (Loss)
Balance at August 2, 2015	$(166)	$(5)	$3	$(168)
Other comprehensive income (loss) before reclassifications	(44)	(6)	—	(50)
	—	(4)	(1)	(5)

Amounts reclassified from accumulated other comprehensive income (loss)				
Net current-period other comprehensive income (loss)	(44)	(10)	(1)	(55)
Balance at January 31, 2016	$(210)	$(15)	$2	$(223)

(1) Included a tax expense of $5 as of January 31, 2016, and $6 as of August 2, 2015.

(2) Included a tax benefit of $11 as of January 31, 2016, and $5 as of August 2, 2015.

(3) Included a tax expense of $1 as of January 31, 2016, and August 2, 2015.

11

Amounts related to noncontrolling interests were not material.

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

Details about Accumulated Other Comprehensive Income (Loss) Components	Three Months Ended January 31, 2016	Three Months Ended February 1, 2015	Six Months Ended January 31, 2016	Six Months Ended February 1, 2015	Location of (Gain) Loss Recognized in Earnings
(Gains) losses on cash flow hedges:					
Foreign exchange forward contracts	$(4)	$—	$(6)	$—	Cost of products sold
Foreign exchange forward contracts	(1)	(1)	(2)	(1)	Other expenses / (income)
Forward starting interest rate swaps	1	1	2	2	Interest expense
Total before tax	(4)	—	(6)	1	
Tax expense (benefit)	2	—	2	—	
(Gain) loss, net of tax	$(2)	$—	$(4)	$1	
Pension and postretirement benefit adjustments:					
Prior service credit	$(1)	$(1)	$(1)	$(1)	(1)
Tax expense (benefit)	—	—	—	—	
(Gain) loss, net of tax	$(1)	$(1)	$(1)	$(1)	

(1) This is included in the components of net periodic benefit costs (see Note 9 for additional details).

5. Goodwill and Intangible Assets

Goodwill

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

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Balance at August 2, 2015	$775	$732	$837	$2,344
Foreign currency translation adjustment	(6)	(20)	—	(26)
Balance at January 31, 2016	$769	$712	$837	$2,318

Intangible Assets

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

Intangible Assets	January 31, 2016	August 2, 2015
Amortizable intangible assets		
Customer relationships	$222	$222
Technology	40	40
Other	35	35
Total gross amortizable intangible assets	$297	$297
Accumulated amortization	(62)	(52)
Total net amortizable intangible assets	$235	$245
Non-amortizable intangible assets		
Trademarks	958	960

Total net intangible assets	$1,193	$1,205

Non-amortizable intangible assets consist of trademarks, which include Bolthouse Farms, Pace, Plum, Kjeldsens, Garden Fresh Gourmet and Royal Dansk. Other amortizable intangible assets consist of recipes, patents, trademarks and distributor relationships.

Amortization of intangible assets was $10 and $9 for the six month periods ended January 31, 2016 and February 1, 2015, respectively. Amortization expense for the next 5 years is estimated to be $20 in the fiscal periods 2016 and 2017, and $15 in 2018 through 2020. Asset useful lives range from 5 to 20 years.

6. Business and Geographic Segment Information

Through the fourth quarter of 2015, we reported the results of our operations in the following reportable segments: U.S. Simple Meals; Global Baking and Snacking; International Simple Meals and Beverages; U.S. Beverages; and Bolthouse and Foodservice. As of the beginning of 2016, we are managing our businesses in three divisions focused mainly on product categories. The new divisions, which represent our operating and reportable segments, are as follows:

- Americas Simple Meals and Beverages segment includes the retail and food service channel businesses in the U.S., Canada and Latin America. The segment includes the following products: Campbell's condensed and ready-to-serve soups; Swanson broth and stocks; Prego pasta sauces; Pace Mexican sauces; Campbell's gravies, pasta, beans and dinner sauces; Swanson canned poultry; Plum food and snacks; V8 juices and beverages; and Campbell's tomato juice.
- Global Biscuits and Snacks segment includes Pepperidge Farm cookies, crackers, bakery and frozen products in U.S. retail; Arnott's biscuits in Australia and Asia Pacific; and Kelsen cookies globally. The segment also includes the simple meals and shelf-stable beverages business in Australia and Asia Pacific.
- Campbell Fresh includes Bolthouse Farms fresh carrots, carrot ingredients, refrigerated beverages and refrigerated salad dressings; Garden Fresh Gourmet salsa, hummus, dips and tortilla chips, which was acquired in June 2015; and the U.S. refrigerated soup business.

We evaluate segment performance before interest, taxes and costs associated with restructuring activities. Unrealized gains and losses on commodity hedging activities are excluded from segment operating earnings and are recorded in Corporate 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. In 2016, we elected to change our method of accounting for the recognition of actuarial gains and losses for defined benefit pension and postretirement plans and the calculation of expected return on pension plan assets as discussed in Note 1. In 2016, we also modified our method of allocating pension and postretirement benefit costs to segments. Through 2015, we included all components of benefit expense in measuring segment performance. In 2016, only service cost is allocated to segments. All other components of expense, including interest cost, expected return on assets, and recognized actuarial gains and losses, are reflected in Corporate and not included in segment operating results. Asset information by segment is not discretely maintained for internal reporting or used in evaluating performance.

Segment results have been adjusted retrospectively to reflect these revisions.

	Three Months Ended		Six Months Ended	
	January 31, 2016	February 1, 2015	January 31, 2016	February 1, 2015
Net sales				
Americas Simple Meals and Beverages	$1,237	$1,278	$2,539	$2,611
Global Biscuits and Snacks	682	700	1,334	1,391
Campbell Fresh	282	256	531	487
Total	$2,201	$2,234	$4,404	$4,489

	Three Months Ended		Six Months Ended	
	January 31, 2016	February 1, 2015	January 31, 2016	February 1, 2015
Earnings before interest and taxes				
Americas Simple Meals and Beverages	$290	$237	$653	$542
Global Biscuits and Snacks	141	115	255	213

Campbell Fresh	21	13	39	22
Corporate[1]	(29)	(28)	(188)	(51)
Restructuring charges[2]	(9)	—	(30)	—
Total	$414	$337	$729	$726

(1) Represents unallocated items. A benefit of $7 and costs of $121 related to pension and postretirement mark-to-market adjustments (see Note 1 for additional information) and costs of $7 and $22 related to the implementation of our new organizational structure and cost savings initiatives (see Note 7 for additional information) were included in the three- and six-month periods ended January 31, 2016, respectively.

(2) See Note 7 for additional information.

Our global net sales based on product categories are as follows:

	Three Months Ended		Six Months Ended	
	January 31, 2016	February 1, 2015	January 31, 2016	February 1, 2015
Net sales				
Soup	$821	$865	$1,678	$1,759
Baked snacks	664	669	1,302	1,332
Other simple meals	447	425	876	842
Beverages	269	275	548	556
Total	$2,201	$2,234	$4,404	$4,489

Soup includes various soup, broths and stock products. Baked snacks include cookies, crackers, biscuits and other baked products. Other simple meals include sauces, carrot products, refrigerated salad dressings, refrigerated salsa, hummus, dips and Plum foods and snacks.

7. Restructuring Charges and Cost Savings Initiatives

2015 Initiatives

On January 29, 2015, we announced plans to implement a new enterprise design focused mainly on product categories. Under the new design, which we fully implemented at the beginning of 2016, our businesses are organized in the following divisions: Americas Simple Meals and Beverages, Global Biscuits and Snacks, and Campbell Fresh. In support of the new enterprise design, we designed and implemented a new Integrated Global Services (IGS) organization to deliver shared services across the company. IGS, which became effective at the beginning of 2016, is expected to reduce costs while increasing our efficiency and effectiveness. We also streamlined our organizational structure. We are pursuing other initiatives to reduce costs and increase effectiveness, such as adopting zero-based budgeting over time.

As part of these initiatives, we commenced a voluntary employee separation program available to certain U.S.-based salaried employees nearing retirement who met age, length-of-service and business unit/function criteria. A total of 471 employees elected the program. The electing employees remained with us through at least July 31, 2015, with some remaining beyond July 31. We also implemented an initiative to reduce overhead across the organization by eliminating approximately 245 positions. In the three-and six-month periods ended January 31, 2016, we recorded a restructuring charge of $12 and $33, respectively, related to these initiatives. In 2015, we recorded a restructuring charge of $102 related to these initiatives.

In the three- and six-month periods ended January 31, 2016, we also incurred charges of $7 and $22, respectively, recorded in Administrative expenses related to the implementation of the new organizational structure and cost savings initiatives. In 2015, we incurred charges of $22 recorded in Administrative expenses related to the these initiatives.

In the three- and six-month periods ended January 31, 2016, the aggregate after-tax impact of restructuring charges, implementation costs and other related costs recorded was $12, or $.04 per share, and $35, or $.11 per share, respectively. The aggregate after-tax impact of restructuring charges and implementation and other costs recorded in 2015 was $78, or $.25 per share. A summary of the pre-tax costs associated with the 2015 initiatives is as follows:

	Recognized as of

	January 31, 2016
Severance pay and benefits	$126
Implementation costs and other related costs	53
Total	$179

The total estimated pre-tax costs for the 2015 initiatives are approximately $250 to $325. We expect to incur these costs through 2018.

We expect the costs to consist of approximately $150 to $165 in severance pay and benefits, and approximately $100 to $160 in implementation costs and other related costs.We expect the total pre-tax costs related to the 2015 initiatives will be associated with segments as follows: Americas Simple Meals and Beverages - approximately 31%; Global Biscuits and Snacks - approximately 35%; Campbell Fresh - approximately 3%; and Corporate - approximately 31%.
A summary of the restructuring activity and related reserves associated with the 2015 initiatives at January 31, 2016, is as follows:

	Severance Pay and Benefits	Other Restructuring Costs	Implementation Costs and Other Related Costs[3]	Total Charges
Accrued balance at August 2, 2015[1]	$85	$ 8		
2016 charges	32	1	22	$55
2016 cash payments	(20)	(9)		
Accrued balance at January 31, 2016[2]	$97	$ —		

(1) Includes $45 of severance pay and benefits recorded in Other liabilities in the Consolidated Balance Sheet.
(2) Includes $43 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 in the Consolidated Statements of Earnings.

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 associated with segments is as follows:

	January 31, 2016		
	Three Months Ended	Six Months Ended	Costs Incurred to Date
Americas Simple Meals and Beverages	$6	$16	$70
Global Biscuits and Snacks	6	20	64
Campbell Fresh	—	—	1
Corporate	7	19	44
Total	$19	$55	$179

2014 Initiatives

In the three-month period ended January 31, 2016, we recorded a reduction to restructuring charges of $3 ($2 after tax, or $.01 per share) related to the fiscal 2014 initiative to improve supply chain efficiency in Australia. As of January 31, 2016, we incurred substantially all of the costs related to the 2014 initiatives.
A summary of the pre-tax costs associated with the 2014 initiatives is as follows:

	Total Program[1]	Change in Estimate	Recognized as of January 31, 2016
Severance pay and benefits	$41	$(3)	$38
Asset impairment	12	—	12
Other exit costs	1	—	1
Total	$54	$(3)	$51

(1) Recognized as of August 2, 2015.

8. Earnings per Share

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 the three-month and six-month periods ended January 31, 2016 excludes 711 thousand stock options that would have been antidilutive. There were no antidilutive stock options for the three- and six-month periods ended February 1, 2015.

9. Pension and Postretirement Benefits

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

The changes in policy were applied retrospectively to all periods presented. See Note 1 for additional information on the change in accounting method.

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

	Three Months Ended				Six Months Ended			
	Pension		Postretirement		Pension		Postretirement	
	January 31, 2016	February 1, 2015	January 31, 2016	February 1, 2015	January 31, 2016	February 1, 2015	January 31, 2016	February 1, 2015
Service cost	$7	$7	$1	$1	$14	$14	$1	$1
Interest cost	25	26	4	4	50	53	8	8
Expected return on plan assets	(36)	(43)	—	—	(75)	(87)	—	—
Amortization of prior service costs	—	—	(1)	(1)	—	—	(1)	(1)
Recognized net actuarial (gain)/loss	(24)	—	—	—	112	—	—	—
Net periodic benefit expense (income)	$(28)	$(10)	$4	$4	$101	$(20)	$8	$8

The recognized net actuarial loss in 2016 resulted from the remeasurement of certain U.S. plans in the first and second quarters. The remeasurement was required due to a high level of lump sum payments to certain vested plan participants arising primarily out of a limited-time offer to accept a single lump sum in lieu of future annuity payments. No remeasurement was required in the six-month period ended February 1, 2015.

We do not expect contributions to pension plans to be material in 2016.

10. 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, 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 and others that do not qualify for hedge accounting treatment.

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 do not have credit-risk-related contingent features in our derivative instruments as of January 31, 2016. During 2015, our largest customer accounted for approximately 20% of consolidated net sales. We closely monitor credit risk associated with counterparties and customers.

Foreign Currency Exchange Risk
We are exposed to foreign currency exchange risk related to our international operations, including non-functional currency intercompany debt and net investments in subsidiaries. We are also exposed to foreign exchange risk as a result of transactions in currencies other than the functional currency of certain subsidiaries. Principal currencies hedged include the Canadian dollar, Australian dollar and U.S. dollar. We utilize foreign exchange forward purchase and sale contracts, as well as cross-currency swaps, to hedge these exposures. The contracts are either designated as cash-flow hedging instruments or are undesignated. We hedge portions of our forecasted foreign currency transaction exposure with foreign exchange forward contracts for periods typically up to 18 months. To hedge currency exposures related to intercompany debt, we enter into foreign exchange forward purchase and sale contracts, as well as cross-currency swap contracts, for periods consistent with the underlying debt. As of January 31, 2016, cross-currency swap contracts mature between 6 and 18 months. The notional amount of foreign exchange forward and cross-currency swap contracts accounted for as cash-flow hedges was $57 at January 31, 2016, and $53 at August 2, 2015. The effective portion of the changes in fair value on these instruments is recorded in other comprehensive income (loss) and is reclassified into the Consolidated Statements of Earnings on the same line item and the same period in which the underlying hedged transaction affects earnings. The notional amount of foreign exchange forward and cross-currency swap contracts that are not designated as accounting hedges was $410 and $480 at January 31, 2016, and August 2, 2015, respectively.
Interest Rate Risk
We manage our exposure to changes in interest rates by optimizing the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps in order to maintain our variable-to-total debt ratio within targeted guidelines. Receive fixed rate/pay variable rate interest rate swaps are accounted for as fair-value hedges. We manage our exposure to interest rate volatility on future debt issuances by entering into forward starting interest rate swaps to lock in the rate on the interest payments related to the anticipated debt issuances. These pay fixed rate/receive variable rate forward starting interest rate swaps are accounted for as cash-flow hedges. The effective portion of the changes in fair value on these instruments is recorded in other comprehensive income (loss) and is reclassified into the Consolidated Statements of Earnings over the life of the debt. The notional amount of outstanding forward starting interest rate swaps totaled $300 at January 31, 2016, and August 2, 2015, which relates to an anticipated debt issuance in 2018.
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, soybean oil, natural gas, aluminum, cocoa, butter, corn and cheese, which impact the cost of raw materials. 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. There were no commodity contracts accounted for as cash-flow hedges as of January 31, 2016, or August 2, 2015. The notional amount of commodity contracts not designated as accounting hedges was $91 at January 31, 2016, and $95 at August 2, 2015.
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 our capital stock, the total return of the Vanguard Institutional Index, and the total return of the Vanguard Total International Stock Index. Under these contracts, we pay variable interest rates and receive from the counterparty either the total return on our capital stock; the total return of the Standard & Poor's 500 Index, which is expected to approximate the total return of the Vanguard Institutional Index; or the total return of the iShares MSCI EAFE Index, which is expected to approximate the total return of the Vanguard Total International Stock Index. These contracts were not designated as hedges for accounting purposes. We enter into these contracts for periods typically not exceeding 12 months. The notional amount of the contracts as of January 31, 2016, and August 2, 2015, was $48

and $49, respectively.

The following table summarizes the fair value of derivative instruments on a gross basis as recorded in the Consolidated Balance Sheets as of January 31, 2016, and August 2, 2015:

	Balance Sheet Classification	January 31, 2016	August 2, 2015
Asset Derivatives			
Derivatives designated as hedges:			
Foreign exchange forward contracts	Other current assets	$2	$3
Total derivatives designated as hedges		$2	$3
Derivatives not designated as hedges:			
Commodity derivative contracts	Other current assets	$1	$1
Cross-currency swap contracts	Other current assets	22	18
Deferred compensation derivative contracts	Other current assets	2	1
Foreign exchange forward contracts	Other current assets	9	9
Cross-currency swap contracts	Other assets	30	22
Total derivatives not designated as hedges		$64	$51
Total asset derivatives		$66	$54
	Balance Sheet Classification	January 31, 2016	August 2, 2015
Liability Derivatives			
Derivatives designated as hedges:			
Forward starting interest rate swaps	Other liabilities	$26	$8
Total derivatives designated as hedges		$26	$8
Derivatives not designated as hedges:			
Commodity derivative contracts	Accrued liabilities	$10	$10
Deferred compensation derivative contracts	Accrued liabilities	1	—
Foreign exchange forward contracts	Accrued liabilities	2	2
Total derivatives not designated as hedges		$13	$12
Total liability derivatives		$39	$20

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 January 31, 2016, and August 2, 2015, would be adjusted as detailed in the following table:

	January 31, 2016			August 2, 2015		
Derivative Instrument	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	$66	$(31)	$35	$54	$(13)	$41
Total liability derivatives	$39	$(31)	$8	$20	$(13)	$7

We do not offset fair value amounts recognized for exchange-traded commodity derivative instruments and cash margin accounts executed with the same counterparty that are subject to enforceable netting agreements. We are required to maintain cash margin accounts in connection with funding the settlement of open positions. At January 31,

2016, and August 2, 2015, a cash margin account balance of $12 was included in Other current assets in the Consolidated Balance Sheets.

18

The following tables show the effect of our derivative instruments designated as cash-flow hedges for the three- and six-month periods ended January 31, 2016, and February 1, 2015, in other comprehensive income (loss) (OCI) and the Consolidated Statements of Earnings:

Derivatives Designated as Cash-Flow Hedges		Total Cash-Flow Hedge OCI Activity January 31, 2016	February 1, 2015
Three Months Ended			
OCI derivative gain (loss) at beginning of quarter		$(20)	$(4)
Effective portion of changes in fair value recognized in OCI:			
Foreign exchange forward contracts		8	10
Forward starting interest rate swaps		(10)	(42)
Amount of (gain) loss reclassified from OCI to earnings:	Location in Earnings		
Foreign exchange forward contracts	Cost of products sold	(4)	—
Foreign exchange forward contracts	Other expenses / (income)	(1)	(1)
Forward starting interest rate swaps	Interest expense	1	1
OCI derivative gain (loss) at end of quarter		$(26)	$(36)
Six Months Ended			
OCI derivative gain (loss) at beginning of year		$(10)	$(4)
Effective portion of changes in fair value recognized in OCI:			
Foreign exchange forward contracts		8	13
Forward starting interest rate swaps		(18)	(46)
Amount of (gain) loss reclassified from OCI to earnings:	Location in Earnings		
Foreign exchange forward contracts	Cost of products sold	(6)	—
Foreign exchange forward contracts	Other expenses / (income)	(2)	(1)
Forward starting interest rate swaps	Interest expense	2	2
OCI derivative gain (loss) at end of quarter		$(26)	$(36)

Based on current valuations, the amount expected to be reclassified from OCI into earnings within the next 12 months is a gain of $8. The ineffective portion and amount excluded from effectiveness testing were not material.

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

Derivatives not Designated as Hedges	Location of Gain (Loss) Recognized in Earnings	Amount of Gain (Loss) Recognized in Earnings on Derivatives			
		Three Months Ended		Six Months Ended	
		January 31, 2016	February 1, 2015	January 31, 2016	February 1, 2015
Foreign exchange forward contracts	Cost of products sold	$(1)	$(1)	$(1)	$—
Foreign exchange forward contracts	Other expenses / (income)	(1)	—	(1)	—
Cross-currency swap contracts	Other expenses / (income)	12	38	12	52

Commodity derivative contracts	Cost of products sold	(7)	(13)	(9)	(18)
Deferred compensation derivative contracts	Administrative expenses	—	1	—	3
Total		$3	$25	$1	$37

11. 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.

19

- 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 table presents our financial assets and liabilities, excluding pension assets, that are measured at fair value on a recurring basis as of January 31, 2016, and August 2, 2015, consistent with the fair value hierarchy:

	Fair Value as of January 31, 2016	Fair Value Measurements at January 31, 2016 Using Fair Value Hierarchy			Fair Value as of August 2, 2015	Fair Value Measurements at August 2, 2015 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Foreign exchange forward contracts(1)	$11	$—	$11	$—	$12	$—	$12	$—
Commodity derivative contracts(2)	1	1	—	—	1	1	—	—
Cross-currency swap contracts(3)	52	—	52	—	40	—	40	—
Deferred compensation derivative contracts(4)	2	—	2	—	1	—	1	—
Total assets at fair value	$66	$1	$65	$—	$54	$1	$53	$—

	Fair Value as of January 31, 2016	Fair Value Measurements at January 31, 2016 Using Fair Value Hierarchy			Fair Value as of August 2, 2015	Fair Value Measurements at August 2, 2015 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Liabilities								
Forward starting interest rate swaps(5)	$26	$—	$26	$—	$8	$—	$8	$—
Foreign exchange forward contracts(1)	2	—	2	—	2	—	2	—
	10	9	1	—	10	10	—	—

Commodity derivative contracts[2]								
Deferred compensation derivative contracts[4]	1	—	1	—	—	—	—	—
Deferred compensation obligation[6]	127	127	—	—	120	120	—	—
Total liabilities at fair value	$166	$136	$30	$—	$140	$130	$10	$—

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

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

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

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

(5) Based on LIBOR swap rates.
(6) Based on the fair value of the participants' investments.

Fair Value of Financial Instruments

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

Cash equivalents of $36 at January 31, 2016, and $39 at August 2, 2015, represent fair value as these highly liquid investments have an original maturity of three months or less. Fair value of cash equivalents is based on Level 2 inputs.

The fair value of long-term debt was $2,638 at January 31, 2016, and $2,623 at August 2, 2015. The carrying value was $2,551 at January 31, 2016, and $2,552 at August 2, 2015. 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.

12. Share Repurchases

In June 2011, the Board authorized the purchase of up to $1,000 of our stock. This program has no expiration date. In addition to this publicly announced program, we also purchase shares to offset the impact of dilution from shares issued under our stock compensation plans.

During the six-month period ended January 31, 2016, we repurchased approximately 2 million shares at a cost of $86. Of this amount, $50 was used to repurchase shares pursuant to our June 2011 publicly announced share repurchase program. Approximately $500 remained available under this program as of January 31, 2016. During the six-month period ended February 1, 2015, we repurchased approximately 3 million shares at a cost of $133.

13. Stock-based Compensation

We provide compensation benefits by issuing stock options, unrestricted stock, restricted stock and restricted stock units (including time-lapse restricted stock units, EPS performance restricted stock units, total shareholder return (TSR) performance restricted stock units, strategic performance restricted stock units and special performance restricted stock units). In 2016, we issued stock options, time-lapse restricted stock units, EPS performance restricted stock units and TSR performance restricted stock units. We did not issue strategic performance restricted stock units or special performance restricted stock units in 2016.

Total pre-tax stock-based compensation expense recognized in the Consolidated Statements of Earnings was $21 and $18 for the three-month periods ended January 31, 2016, and February 1, 2015, respectively. Tax-related benefits of $8 and $6 were also recognized for the three-month periods ended January 31, 2016, and February 1, 2015, respectively. Total pre-tax stock-based compensation expense recognized in the Consolidated Statements of Earnings was $34 and $31 for the six-month periods ended January 31, 2016, and February 1, 2015, respectively. Tax-related benefits of $13 and $11 were also recognized for the six-month periods ended January 31, 2016, and February 1, 2015, respectively. Cash received from the exercise of stock options was $2 and $8 for the six-month periods ended January 31, 2016, and February 1, 2015, respectively, and is reflected in cash flows from financing activities in the Consolidated Statements of Cash Flows.

The following table summarizes stock option activity as of January 31, 2016:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
	(Options in thousands)		(In years)	
Outstanding at August 2, 2015	74	$29.91		
Granted	711	$50.21		
Exercised	(74)	$29.91		

Terminated	—	$—		
Outstanding at January 31, 2016	711	$50.21	9.7	$4
Exercisable at January 31, 2016	—	$—	—	$—

The total intrinsic value of options exercised during the six-month periods ended January 31, 2016, and February 1, 2015, was $2 and $5, respectively. We measure the fair value of stock options using the Black-Scholes option pricing model. The expected term of options granted was based on the weighted average time of vesting and the end of the contractual term. We utilized this simplified method as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term.

21

The following weighted-average assumptions were used for grants in 2016:

	2016
Risk-free interest rate	1.68%
Expected dividend yield	2.46%
Expected volatility	18.35%
Expected term	6 years

We expense stock options on a straight-line basis over the vesting period, except for awards issued to retirement eligible participants, which we expense on an accelerated basis. As of January 31, 2016, total remaining unearned compensation related to nonvested stock options was $3, which will be amortized over the weighted-average remaining service period of 1.7 years.

The following table summarizes time-lapse restricted stock units, EPS performance restricted stock units, strategic performance restricted stock units and special performance restricted stock units as of January 31, 2016:

	Units	Weighted-Average Grant-Date Fair Value
	(Restricted stock units in thousands)	
Nonvested at August 2, 2015	2,410	$41.40
Granted	672	$50.00
Vested	(800)	$39.31
Forfeited	(171)	$43.45
Nonvested at January 31, 2016	2,111	$44.77

We determine the fair value of time-lapse restricted stock units, EPS performance restricted stock units, strategic performance restricted stock units and special performance restricted stock units based on the quoted price of our stock at the date of grant. We expense time-lapse 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. We expense EPS performance restricted stock units on a graded-vesting basis, except for awards issued to retirement-eligible participants, which we expense on an accelerated basis. There were 211 thousand EPS performance target grants outstanding at January 31, 2016, with a weighted-average grant-date fair value of $45.32. We expense strategic performance restricted stock units on a straight-line basis over the service period. Awards of the strategic performance restricted stock units are earned based upon the achievement of two key metrics, net sales and EPS growth, compared to strategic plan objectives during a three-year period. There were 339 thousand strategic performance target grants outstanding at January 31, 2016, with a grant-date fair value of $41.21. The actual number of EPS performance restricted stock units and strategic performance restricted stock units issued at the vesting date could range from either 0% or 100% and 0% to 200%, respectively, of the initial grant, depending on actual performance achieved. We estimate expense based on the number of awards expected to vest.

In 2015, we issued special performance restricted stock units for which vesting is contingent upon meeting various financial goals and performance milestones to support innovation and growth initiatives. These awards vest over a period of 2 years and are included in the table above. The actual number of special performance awards issued at the vesting date could range from 0% to 150%. There were 126 thousand special performance restricted stock units outstanding at January 31, 2016, with a grant-date fair value of $42.22.

As of January 31, 2016, total remaining unearned compensation related to nonvested time-lapse restricted stock units, EPS performance restricted stock units, strategic performance restricted stock units and special performance restricted stock units was $42, which will be amortized over the weighted-average remaining service period of 1.7 years. The fair value of restricted stock units vested during the six-month periods ended January 31, 2016, and February 1, 2015,

was $40 and $53, respectively. The weighted-average grant-date fair value of the restricted stock units granted during the six-month period ended February 1, 2015, was $42.35.

The following table summarizes TSR performance restricted stock units as of January 31, 2016:

	Units	Weighted-Average Grant-Date Fair Value
	(Restricted stock units in thousands)	
Nonvested at August 2, 2015	1,579	$40.75
Granted	682	$62.44
Vested	(438)	$39.76
Forfeited	(126)	$46.36
Nonvested at January 31, 2016	1,697	$49.30

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

	2016	2015
Risk-free interest rate	0.92%	0.97%
Expected dividend yield	2.46%	2.91%
Expected volatility	17.25%	16.20%
Expected term	3 years	3 years

We recognize compensation expense on a straight-line basis over the service period. As of January 31, 2016, total remaining unearned compensation related to nonvested TSR performance restricted stock units was $47, which will be amortized over the weighted-average remaining service period of 2.3 years. In the first quarter of 2016, recipients of TSR performance restricted stock units earned 100% of the initial grants based upon our TSR ranking in a performance peer group during the three-year period ended July 31, 2015. The fair value of TSR performance restricted stock units vested during the six-month period ended January 31, 2016 was $22. There were no TSR performance restricted stock units scheduled to vest in the six-month period ended February 1, 2015. The grant-date fair value of the TSR performance restricted stock units granted during 2015 was $43.39.

The excess tax benefits on the exercise of stock options and vested restricted stock presented as cash flows from financing activities for the six-month periods ended January 31, 2016 and February 1, 2015 were $7 and $5, respectively.

14. Inventories

	January 31, 2016	August 2, 2015
Raw materials, containers and supplies	$387	$427
Finished products	468	568
	$855	$995

15. Subsequent Event

In February 2016, we agreed to make a $125 capital commitment to Acre Venture Partners, L.P. (“Acre”), a limited partnership formed to make venture capital investments in innovative new companies in food and food-related industries. Acre will be managed by its general partner, Acre Ventures GP, LLC, which is independent of us. We are the sole limited partner of Acre.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Description of 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 convenience food products. Through the fourth quarter of 2015, we reported the results of our operations in the following reportable segments: U.S. Simple Meals; Global Baking and Snacking; International Simple Meals and Beverages; U.S. Beverages; and Bolthouse and Foodservice. As of the beginning of 2016, we are managing our businesses in three divisions focused mainly on product categories. The new divisions, which represent our operating and reportable segments, are as follows:

- Americas Simple Meals and Beverages segment includes the retail and food service channel businesses in the U.S., Canada and Latin America. The segment includes the following products: Campbell's condensed and ready-to-serve soups; Swanson broth and stocks; Prego pasta sauces; Pace Mexican sauces; Campbell's gravies, pasta, beans and dinner sauces; Swanson canned poultry; Plum food and snacks; V8 juices and beverages; and Campbell's tomato juice.
- Global Biscuits and Snacks segment includes Pepperidge Farm cookies, crackers, bakery and frozen products in U.S. retail; Arnott's biscuits in Australia and Asia Pacific; and Kelsen cookies globally. The segment also includes the simple meals and shelf-stable beverages business in Australia and Asia Pacific.
- Campbell Fresh includes Bolthouse Farms fresh carrots, carrot ingredients, refrigerated beverages and refrigerated salad dressings; Garden Fresh Gourmet salsa, hummus, dips and tortilla chips, which was acquired in June 2015; and the U.S. refrigerated soup business.

In 2016, we also modified our method of allocating pension and postretirement benefit costs to segments. Through 2015, we included all components of benefit expense in measuring segment performance. In 2016, only service cost is allocated to segments. All other components of expense, including interest cost, expected return on assets, and recognized actuarial gains and losses, are reflected in Corporate and not included in segment operating results.

In 2016, we elected to change our method of accounting for the recognition of actuarial gains and losses for defined benefit pension and postretirement plans and the calculation of expected return on pension plan assets. Historically, actuarial gains and losses associated with benefit obligations were recognized in Accumulated other comprehensive loss in the Consolidated Balance Sheets and were amortized into earnings over the remaining service life of participants to the extent that the amounts were in excess of a corridor. Under the new policy, actuarial gains and losses will be recognized immediately in our Consolidated Statements of Earnings as of the measurement date, which is our fiscal year end, or more frequently if an interim remeasurement is required. In addition, we will no longer use a market-related value of plan assets, which is an average value, to determine the expected return on assets but rather will use the fair value of plan assets. We believe the new policies will provide greater transparency to ongoing operating results and better reflect the impact of current market conditions on the obligations and assets. See Note 1 to the Consolidated Financial Statements for additional information.

On June 29, 2015, we completed the acquisition of the assets of Garden Fresh Gourmet for $232 million. Garden Fresh Gourmet is a provider of refrigerated salsa in North America, and it also produces hummus, dips and tortilla chips. See Note 3 to the Consolidated Financial Statements for additional information.

Executive Summary

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

- Net sales decreased 1% in the current quarter to $2.201 billion, as lower volume and the adverse impact of currency translation were partially offset by higher selling prices, the impact of the acquisition of Garden Fresh Gourmet and a reduction in promotional spending.
- Gross profit, as a percent of sales, increased to 37.2% from 33.3% in the year-ago quarter. The increase was primarily due to productivity improvements, higher selling prices, lower levels of promotional spending, and improved supply chain performance, including benefits from cost savings initiatives.

- Earnings per share were $.85 in the current quarter, compared to $.71 in the year-ago quarter. The current quarter included expenses of $.02 per share from items impacting comparability as discussed below.

Net Earnings attributable to Campbell Soup Company

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

- In 2016, we recognized mark-to-market adjustments as certain U.S. pension plans were remeasured. The plans were remeasured due to a high level of lump sum payments to certain vested plan participants arising primarily out of a limited-

24

time offer to accept a single lump sum in lieu of future annuity payments. In the second quarter of 2016, we recognized gains of $7 million ($4 million after tax, or $.01 per share). Year-to-date in 2016, we recognized mark-to-market losses of $121 million ($76 million after tax, or $.24 per share). No interim remeasurement was required in 2015.

- In 2016, we incurred charges associated with our 2015 initiatives to implement a new enterprise design, to reduce costs and to streamline our organizational structure. In the second quarter of 2016, we recorded a pre-tax restructuring charge of $12 million related to these initiatives. We also incurred pre-tax charges of $7 million recorded in Administrative expenses related to these initiatives. In the second quarter of 2016, we also recorded a reduction to pre-tax restructuring charges of $3 million related to the 2014 initiative to improve supply chain efficiency in Australia. The aggregate after-tax impact of restructuring charges, implementation costs and other related costs was $10 million, or $.03 per share. Year-to-date, we recorded pre-tax restructuring charges, implementation costs and other related costs associated with the 2015 and 2014 initiatives of $52 million ($33 million after tax, or $.11 per share). See Note 7 to the Consolidated Financial Statements and "Restructuring Charges and Cost Savings Initiatives" for additional information.

The items impacting comparability are summarized below:

	Three Months Ended			
	January 31, 2016		February 1, 2015	
(Millions, except per share amounts)	Earnings Impact	EPS Impact	Earnings Impact	EPS Impact
Net earnings attributable to Campbell Soup Company	$265	$.85	$222	$.71
Pension and postretirement benefit mark-to-market adjustments	$(4)	$(.01)	$—	$—
Restructuring charges, implementation costs and other related costs	10	.03	—	—
Impact of items on Net earnings	$6	$.02	$—	$—

	Six Months Ended			
	January 31, 2016		February 1, 2015	
(Millions, except per share amounts)	Earnings Impact	EPS Impact	Earnings Impact	EPS Impact
Net earnings attributable to Campbell Soup Company	$459	$1.47	$470	$1.50
Pension and postretirement benefit mark-to-market adjustments	$76	$.24	$—	$—
Restructuring charges, implementation costs and other related costs	33	.11	—	—
Impact of items on Net earnings	$109	$.35	$—	$—

Net earnings attributable to Campbell Soup Company were $265 million ($.85 per share) in the current quarter, compared to $222 million ($.71 per share) in the year-ago quarter. After adjusting for items impacting comparability in the current year, earnings increased primarily due to improved gross profit performance, partially offset by a higher effective tax rate and the negative impact of currency translation.

Net earnings attributable to Campbell Soup Company were $459 million ($1.47 per share) in the six-month period ended January 31, 2016, compared to $470 million ($1.50 per share) in the year-ago period. After adjusting for items impacting comparability in the current year, earnings increased due to improved gross profit performance and lower marketing and selling expenses, partially offset by a higher effective tax rate and the negative impact of currency translation.

SECOND-QUARTER DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

(Millions)	Three Months Ended January 31, 2016	February 1, 2015	% Change
Americas Simple Meals and Beverages	$1,237	$1,278	(3)%
Global Biscuits and Snacks	682	700	(3)
Campbell Fresh	282	256	10
	$2,201	$2,234	(1)%

25

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

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

[1] Represents revenue reductions from trade promotion and consumer coupon redemption programs.

In Americas Simple Meals and Beverages, sales decreased 3%. U.S. soup sales decreased 4%. U.S. soup volumes declined primarily as a result of higher selling prices, reduced promotional activity and category declines partly related to warmer weather. Further details of U.S. soup include:

- Sales of condensed soups increased 2%.
- Sales of ready-to-serve soups declined 20%.
- Broth sales increased 7%.

The decrease in ready-to-serve soups was primarily due to the volume impact from net price realization actions, a shift in the timing of marketing programs to the end of the second quarter and into the second half of the year, and an execution issue related to an on-label promotion on Chunky soups. U.S. beverages sales decreased primarily due to declines in V8 V-Fusion beverages. Sales of other U.S. simple meals increased due to gains in Plum, Prego pasta sauces and Pace Mexican sauces. Excluding the impact of currency translation, sales in Canada decreased due to declines in soup.

In Global Biscuits and Snacks, sales decreased 3% due to the impact of currency translation. Sales of Pepperidge Farm products increased primarily due to gains in fresh bakery, frozen products and cookies. In Asia Pacific, excluding the negative impact of currency translation, sales gains in Arnott's in Australia and gains in Malaysia were partially offset by declines in Indonesia. In 2016, promotional spending was reduced due to timing of promotional activities and lapping inefficient spending in the prior year, primarily in Pepperidge Farm.

In Campbell Fresh, sales increased 10%, due to the acquisition of Garden Fresh Gourmet, which we acquired on June 29, 2015. Excluding the acquisition, sales were comparable to the prior year reflecting gains in refrigerated beverages and salad dressings, offset by declines in carrot ingredients and fresh carrots.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, increased by $76 million in the current quarter. As a percent of sales, gross profit was 37.2% in the current quarter and 33.3% in the year-ago quarter. The 3.9% percentage-point overall increase in gross margin percentage was due to the following factors:

	Margin Impact
Productivity improvements	1.8%
Higher selling prices	0.9
Cost inflation, supply chain costs and other factors[1]	0.6
Mix	0.5
Lower level of promotional spending	0.5
Pension and postretirement benefit mark-to-market adjustments	(0.1)
Impact of acquisition	(0.3)
	3.9%

(1) Includes a positive margin impact of 0.9 percentage points from cost savings initiatives.

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 10.1% in 2016 compared to 10.7% in 2015. Marketing and selling expenses decreased 7% in 2016 from 2015. The decrease was primarily due to benefits from cost savings initiatives (approximately 7 percentage points); the impact of currency translation (approximately 3 percentage points); and gains on benefit plan mark-to-market adjustments (approximately 1 percentage point), partially offset by higher advertising and consumer promotion expenses (approximately 2 percentage points) and higher selling and marketing overhead expenses (approximately 2 percentage points). The increase in advertising and consumer promotion expenses was primarily in Kelsen, Pepperidge Farm and U.S. soup.

Administrative Expenses

Administrative expenses as a percent of sales were 6.6% in 2016 compared to 6.0% in 2015. Administrative expenses increased 8% in 2016 from 2015. The increase was primarily due to higher incentive compensation costs (approximately 14 percentage points) and costs related to the implementation of the new organizational structure and cost savings initiatives (approximately 5 percentage points), partially offset by benefits from cost savings initiatives (approximately 7 percentage points); gains on benefit plan mark-to-market adjustments (approximately 3 percentage points); and the impact of currency translation (approximately 2 percentage points).

Research and Development Expenses

Research and development expenses decreased $2 million, or 8.0%, in 2016 from 2015. The decrease was primarily due to benefits from cost savings initiatives (approximately 12 percentage points) and gains on benefit plan mark-to-market adjustments (approximately 8 percentage points), partially offset by inflation and other expense increases.

Operating Earnings

Segment operating earnings increased 24% in 2016 from 2015.

An analysis of operating earnings by segment follows:

(Millions)	Three Months Ended January 31, 2016	February 1, 2015	% Change
Americas Simple Meals and Beverages	$290	$237	22%
Global Biscuits and Snacks	141	115	23
Campbell Fresh	21	13	62
	452	365	24%
Corporate	(29)	(28)	
Restructuring charges[1]	(9)	—	
Earnings before interest and taxes	$414	$337	

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

Earnings from Americas Simple Meals and Beverages increased 22%. The increase was primarily due to a higher gross margin percentage, benefiting from increased price realization, productivity improvements and improved supply chain performance.

Earnings from Global Biscuits and Snacks increased 23%. The increase was primarily due to a higher gross margin percentage, benefiting from increased price realization and productivity improvements, partly offset by the negative impact of currency translation and higher marketing expenses.

Earnings from Campbell Fresh increased from $13 million to $21 million. The increase was primarily due to a higher gross margin percentage, benefiting from improved supply chain performance, productivity improvements and the favorable mix impact from growth in higher-margin refrigerated beverages.

In 2016, Corporate included costs of $7 million related to the implementation of our new organizational structure and cost savings initiatives and a benefit of $7 million associated with benefit plan mark-to-market adjustments.

Interest Expense

Interest expense increased to $28 million in 2016 from $26 million in 2015, reflecting higher average interest rates on the debt portfolio.

Taxes on Earnings

The effective tax rate was 31.5% in 2016, compared to 28.8% in 2015. The increase in the effective tax rate is primarily due to the favorable resolution of an intercompany pricing agreement between the U.S. and Canada in the prior year.

SIX-MONTH DISCUSSION AND ANALYSIS

Sales

An analysis of net sales by reportable segment follows:

(Millions)	Six Months Ended January 31, 2016	February 1, 2015	% Change
Americas Simple Meals and Beverages	$2,539	$2,611	(3)%
Global Biscuits and Snacks	1,334	1,391	(4)
Campbell Fresh	531	487	9
	$4,404	$4,489	(2)%

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

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Volume and Mix	(4)%	—%	(1)%	(2)%
Price and Sales Allowances	2	1	—	1
Decreased Promotional Spending[1]	1	1	—	1
Currency	(2)	(6)	—	(3)
Acquisitions	—	—	10	1
	(3)%	(4)%	9%	(2)%

[1] Represents revenue reductions from trade promotion and consumer coupon redemption programs.

In Americas Simple Meals and Beverages, sales decreased 3%. U.S. soup sales decreased 4%. U.S. soup volumes declined primarily as a result of higher selling prices, reduced promotional activity and category declines partly related to warmer weather. Further details of U.S. soup include:

- Sales of condensed soups increased 2%.
- Sales of ready-to-serve soups declined 15%.
- Broth sales decreased 2%.

The decrease in ready-to-serve soups was primarily due to the volume impact from net price realization actions, a shift in the timing of marketing programs and an execution issue related to an on-label promotion on Chunky soups. U.S. beverages sales decreased primarily due to declines in V8 V-Fusion beverages, partially offset by gains in V8 Splash beverages. Sales of other U.S. simple meals increased due to gains in Prego pasta sauces, Pace Mexican sauces and Plum. Excluding the impact of currency translation, sales in Canada were comparable to the prior year.

In Global Biscuits and Snacks, sales decreased 4% due to the impact of currency translation. Sales of Pepperidge Farm products increased due to gains in Goldfish crackers, fresh bakery and frozen products. In Asia Pacific, excluding the negative impact of currency translation, sales gains in Arnott's in Australia and gains in Malaysia were partially offset by declines in Indonesia. In 2016, promotional spending was reduced as we lapped inefficient spending in the prior year, primarily in Pepperidge Farm.

In Campbell Fresh, sales increased 9% due to the acquisition of Garden Fresh Gourmet, which was acquired on June 29, 2015. Excluding the acquisition, sales declined reflecting lower sales in carrot ingredients, fresh carrots and refrigerated soup, partially offset by gains in refrigerated beverages and salad dressings.

Gross Profit

Gross profit, defined as Net sales less Cost of products sold, increased by $36 million in 2016. As a percent of sales, gross profit was 35.7% in 2016 and 34.3% in 2015. The 1.4 percentage-point overall increase in gross margin percentage was due to the following factors:

	Margin Impact
Productivity improvements	1.8%
Higher selling prices	1.0
Lower level of promotional spending	0.4
Mix	0.2
Cost inflation, supply chain costs and other factors[1]	0.1
Impact of acquisition	(0.2)
Pension and postretirement benefit mark-to-market adjustments	(1.9)
	1.4%

---

[1] Includes a positive margin impact of 0.8 percentage points from cost savings initiatives.

Marketing and Selling Expenses

Marketing and selling expenses as a percent of sales were 10.2% in 2016 compared to 10.7% in 2015. Marketing and selling expenses decreased 7% in 2016 from 2015. The decrease was primarily due to benefits from cost savings initiatives (approximately 6 percentage points); the impact of currency translation (approximately 3 percentage points); and lower advertising and consumer promotion expenses (approximately 2 percentage points), partially offset by losses on benefit plan mark-to-market adjustments (approximately 4 percentage points). The decline in advertising and consumer promotion expenses was primarily in Americas Simple Meals and Beverages.

Administrative Expenses

Administrative expenses as a percent of sales were 6.9% in 2016 compared to 5.9% in 2015. Administrative expenses increased 14% in 2016 from 2015. The increase was primarily due to costs related to the implementation of the new organizational structure and cost savings initiatives (approximately 8 percentage points); higher incentive compensation costs (approximately 8 percentage points); losses on benefit plan mark-to-market adjustments (approximately 6 percentage points), partially offset by benefits from cost savings initiatives (approximately 5 percentage points) and the impact of currency translation (approximately 3 percentage points).

Research and Development Expenses

Research and development expenses increased $2 million, or 4%, in 2016 from 2015. The increase was primarily due to losses on benefit plan mark-to-market adjustments (approximately 11 percentage points), partially offset by benefits from cost savings initiatives (approximately 9 percentage points).

Operating Earnings

Segment operating earnings increased 22% in 2016 from 2015.

An analysis of operating earnings by segment follows:

(Millions)	Six Months Ended January 31, 2016	February 1, 2015	% Change
Americas Simple Meals and Beverages	$653	$542	20%
Global Biscuits and Snacks	255	213	20
Campbell Fresh	39	22	77
	947	777	22%
Corporate	(188)	(51)	
Restructuring charges[1]	(30)	—	
Earnings before interest and taxes	$729	$726	

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

Earnings from Americas Simple Meals and Beverages increased 20%. The increase was primarily due to a higher gross margin percentage, benefiting from increased price realization, productivity improvements and improved supply chain performance, as well as lower marketing and selling expenses. Advertising and consumer promotion expenses were lower in 2016.

Earnings from Global Biscuits and Snacks increased 20%. The increase was primarily due to a higher gross margin percentage, benefiting from increased price realization and productivity improvements, as well as volume gains and lower selling expenses, partly offset by the negative impact of currency translation.

Earnings from Campbell Fresh increased from $22 million to $39 million. The increase was primarily due to a higher gross margin percentage and the impact of the acquisition of Garden Fresh Gourmet. The improvement in gross margin percentage reflected improved supply chain performance, productivity improvements and the favorable mix impact from growth in higher-margin refrigerated beverages.

Corporate included $121 million of losses associated with benefit plan mark-to-market adjustments and costs of $22 million related to the implementation of our new organizational structure and cost savings initiatives in 2016. In 2016, Corporate included lower losses on open commodity hedges.

Interest Expense

Interest expense increased to $57 million in 2016 from $52 million in 2015, reflecting higher average interest rates on the debt portfolio.

Taxes on Earnings

The effective tax rate was 31.9% in 2016, compared to 30.5% in 2015. We recognized a tax benefit of $45 million on $121 million of losses on benefit plan mark-to-market adjustments and a $19 million tax benefit on $52 million of restructuring charges, implementation costs and other related costs. After adjusting for items impacting comparability in the current year, the remaining increase in the effective tax rate is primarily due to lapping the favorable resolution of an intercompany pricing agreement between the U.S. and Canada in the prior year, the geographic mix of earnings and higher U.S. state taxes in 2016.

Restructuring Charges and Cost Savings Initiatives

2015 Initiatives

On January 29, 2015, we announced plans to implement a new enterprise design focused mainly on product categories. Under the new design, which we fully implemented at the beginning of 2016, our businesses are organized in the following divisions: Americas Simple Meals and Beverages, Global Biscuits and Snacks, and Campbell Fresh. In support of the new enterprise design, we designed and implemented a new Integrated Global Services (IGS) organization to deliver shared services across the company. IGS, which became effective at the beginning of 2016, is expected to reduce costs while increasing our efficiency and effectiveness. We also streamlined our organizational structure. We are pursuing other initiatives to reduce costs and increase effectiveness, such as adopting zero-based budgeting over time.

As part of these initiatives, we commenced a voluntary employee separation program available to certain U.S.-based salaried employees nearing retirement who met age, length-of-service and business unit/function criteria. A total of 471 employees elected the program. The electing employees remained with us through at least July 31, 2015, with some remaining beyond July 31. We also implemented an initiative to reduce overhead across the organization by eliminating approximately 245 positions. In the three-and six-month periods ended January 31, 2016, we recorded a restructuring charge of $12 million and $33 million, respectively, related to these initiatives. In 2015, we recorded a restructuring charge of $102 million related to these initiatives.

In the three-and six-month periods ended January 31, 2016, we also incurred charges of $7 million and $22 million, respectively, recorded in Administrative expenses related to the implementation of the new organizational structure and cost savings initiatives. In 2015, we incurred charges of $22 million recorded in Administrative expenses related to the these initiatives.

In the three- and six-month periods ended January 31, 2016, the aggregate after-tax impact of restructuring charges, implementation costs and other related costs recorded was $12 million, or $.04 per share, and $35 million, or $.11 per share, respectively. The aggregate after-tax impact of restructuring charges and implementation and other costs recorded in 2015 was $78 million, or $.25 per share. A summary of the pre-tax costs associated with the 2015 initiatives is as follows:

(Millions)	Recognized as of January 31, 2016
Severance pay and benefits	$126
Implementation costs and other related costs	53
Total	$179

30

The total estimated pre-tax costs for the 2015 initiatives are approximately $250 million to $325 million. We expect the costs to consist of approximately $150 million to $165 million in severance pay and benefits, and approximately $100 million to $160 million in implementation costs and other related costs.We expect the total pre-tax costs related to the 2015 initiatives will be associated with segments as follows: Americas Simple Meals and Beverages - approximately 31%; Global Biscuits and Snacks - approximately 35%; Campbell Fresh - approximately 3%; and Corporate - approximately 31%.

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

We expect the 2015 initiatives to generate pre-tax savings of approximately $205 million to $225 million in 2016, and once fully implemented, annual ongoing savings of approximately $300 million beginning in 2018. In 2015, pre-tax savings were $85 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 associated with segments is as follows:

(Millions)	January 31, 2016 Three Months Ended	Six Months Ended	Costs Incurred to Date
Americas Simple Meals and Beverages	$6	$16	$70
Global Biscuits and Snacks	6	20	64
Campbell Fresh	—	—	1
Corporate	7	19	44
Total	$19	$55	$179

2014 Initiatives

In the three-month period ended January 31, 2016, we recorded a reduction to restructuring charges of $3 million ($2 million after tax, or $.01 per share) related to the fiscal 2014 initiative to improve supply chain efficiency in Australia. As of January 31, 2016, we incurred substantially all of the costs related to the 2014 initiatives.

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

(Millions)	Total Program[1]	Change in Estimate	Recognized as of January 31, 2016
Severance pay and benefits	$41	$(3)	$38
Asset impairment	12	—	12
Other exit costs	1	—	1
Total	$54	$(3)	$51

[1] Recognized as of August 2, 2015.

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

LIQUIDITY AND CAPITAL RESOURCES

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

We generated cash from operations of $727 million in 2016, compared to $584 million in 2015. The increase in 2016 was primarily due to higher cash earnings and lower working capital requirements.

Capital expenditures were $153 million in 2016, compared to $143 million in 2015. Capital expenditures are expected to total approximately $350 million in 2016. Capital expenditures in 2016 included a Bolthouse Farms beverage and

salad dressing capacity expansion project (approximately $21 million); a biscuit capacity expansion in Indonesia (approximately $10 million); continued enhancement of our corporate headquarters (approximately $10 million); a cracker capacity expansion at Pepperidge Farm (approximately $6 million); and the ongoing initiative to simplify the soup-making process in North America (also known as the soup common platform initiative) (approximately $2 million).

Dividend payments were $197 million in 2016 and $199 million in 2015.

We repurchased approximately 2 million shares at a cost of $86 million in 2016, and approximately 3 million shares at a cost of $133 million in 2015. In June 2011, our Board of Directors authorized the purchase of up to $1 billion of our stock. Of the

amount spent in 2016, $50 million was used to repurchase shares pursuant to our June 2011 publicly announced share repurchase program. Approximately $500 million remained available to repurchase shares under our June 2011 repurchase program as of January 31, 2016. The program has no expiration date. We also expect to continue our longstanding practice, under separate authorization, of purchasing shares sufficient to offset shares issued under incentive compensation plans. See “Unregistered Sales of Equity Securities and Use of Proceeds” for more information.
At January 31, 2016, we had $1.293 billion of short-term borrowings due within one year, of which $1.282 billion was comprised of commercial paper borrowings. As of January 31, 2016, we issued $49 million of standby letters of credit. We have a committed revolving credit facility totaling $2.2 billion that matures in December 2018. This facility remained unused at January 31, 2016, except for $3 million of standby letters of credit that we issued under it. This revolving credit facility supports our commercial paper programs and other general corporate purposes. We may also increase the commitment under the credit facility up to an additional $500 million, upon the agreement of either existing lenders or of additional banks not currently parties to the existing credit agreements.
In September 2014, we filed a registration statement with the Securities and Exchange Commission that registered an indeterminate amount of debt securities. Under the registration statement, we may issue debt securities, depending on market conditions.
We are in compliance with the covenants contained in our revolving credit facilities and debt securities.

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. Our significant accounting policies are described in Note 1 to the Consolidated Financial Statements in the 2015 Annual Report on Form 10-K. The accounting policies we used in preparing these financial statements are substantially consistent with those we applied in our Annual Report on Form 10-K for the year ended August 2, 2015, with the exception of the changes in accounting policy related to our method of accounting for the recognition of actuarial gains and losses for defined benefit pension and postretirement plans and the calculation of expected return on pension plan assets as described in Note 1 to the Consolidated Financial Statements. Our significant accounting estimates are described in Management’s Discussion and Analysis included in the 2015 Annual Report on Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

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

FORWARD-LOOKING STATEMENTS

This quarterly report contains “forward-looking” statements that reflect our current expectations regarding our future results of operations, economic performance, financial condition and achievements. We try, wherever possible, to identify these forward-looking statements by using words such as “anticipate,” “believe,” “estimate,” “expect,” “will” and simi expressions. One can also identify them by the fact that they do not relate strictly to historical or current facts. These statements reflect our current plans and expectations and are based on information currently available to us. They rely on a number of assumptions regarding future events and estimates which could be inaccurate and which are inherently subject to risks and uncertainties.
We wish to caution the reader that the following important factors and those important factors described in our other Securities and Exchange Commission filings, or in our 2015 Annual Report on Form 10-K, 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:

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

- the risks in the marketplace associated with trade and consumer acceptance of product improvements, shelving initiatives, new products, and pricing and promotional strategies;
- our ability to achieve sales and earnings guidance, which is based on assumptions about sales volume, product mix, the development and success of new products, the impact of marketing, promotional and pricing actions, product costs and currency;
- our ability to realize projected cost savings and benefits from our efficiency and/or restructuring initiatives;
- our ability to successfully manage changes to our organizational structure and/or business processes, including our selling, distribution, manufacturing and information management systems or processes;

- the practices and increased significance of certain of our key customers;
- the impact of new or changing inventory management practices by our customers;
- the impact of fluctuations in the supply of and inflation in energy, raw and packaging materials cost;
- the impact of completing and integrating acquisitions, divestitures and other portfolio changes;
- the uncertainties of litigation;
- the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions and other external factors; and
- the impact of unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, armed hostilities, natural disasters or other calamities.

This discussion of uncertainties is by no means exhaustive but is designed to highlight important factors that may impact 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 3. Quantitative and Qualitative Disclosure About Market Risk

For information regarding our exposure to certain market risk, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in the 2015 Annual Report on Form 10-K. There have been no significant changes in our portfolio of financial instruments or market risk exposures from the 2015 year-end.

Item 4. Controls and Procedures

a. Evaluation of Disclosure Controls and Procedures

We, under the supervision and with the participation of our management, including the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of January 31, 2016 (Evaluation Date). Based on such evaluation, the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective.

b. Changes in Internal Controls

There were no changes in our internal control over financial reporting that materially affected, or were likely to materially affect, such control over financial reporting during the quarter ended January 31, 2016.

PART II

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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 ($ in Millions) [3]
11/2/15 - 11/30/15	—		—		—	$525
12/1/15 - 12/31/15	669,994	(4)	$53.12	(4)	319,994	$508
1/1/16 - 1/31/16	355,600	(5)	$51.40	(5)	155,600	$500
Total	1,025,594		$52.52		475,594	$500

(1) Includes 550,000 shares repurchased in open-market transactions to offset the dilutive impact to existing shareholders of issuances under stock compensation plans.

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

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

(4) Includes 350,000 shares repurchased in open-market transactions at an average price of $53.12 to offset the dilutive impact to existing shareholders of issuances under stock compensation plans.

(5) Includes 200,000 shares repurchased in open-market transactions at an average price of $51.42 to offset the dilutive impact to existing shareholders of issuances under stock compensation plans.

Item 6. Exhibits

3	Campbell's By-Laws, effective February 24, 2016, were filed with the SEC on a Form 8-K (SEC file number 1-3822) on February 29, 2016, and are incorporated herein by reference.
10(a)	Amendment to the Campbell Soup Company Severance Pay Plan for Salaried Employees, dated December 17, 2015.
10(b)	Letter Agreement, dated February 15, 2016, between the company and Jeffrey Dunn was filed with the SEC on a Form 8-K (SEC file number 1-3822) on February 19, 2016, and is incorporated herein by reference.
31(a)	Certification of Denise M. Morrison pursuant to Rule 13a-14(a).
31(b)	Certification of Anthony P. DiSilvestro pursuant to Rule 13a-14(a).
32(a)	Certification of Denise M. Morrison pursuant to 18 U.S.C. Section 1350.
32(b)	Certification of Anthony P. DiSilvestro pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 10, 2016

CAMPBELL SOUP COMPANY

By: /s/ Anthony P. DiSilvestro
Anthony P. DiSilvestro
Senior Vice President and Chief Financial Officer
By: /s/ William J. O'Shea
William J. O'Shea
Vice President and Controller

INDEX TO EXHIBITS

3	Campbell's By-Laws, effective February 24, 2016, were filed with the SEC on a Form 8-K (SEC file number 1-3822) on February 29, 2016, and are incorporated herein by reference.
10(a)	Amendment to the Campbell Soup Company Severance Pay Plan for Salaried Employees, dated December 17, 2015.
10(b)	Letter Agreement, dated February 15, 2016, between the company and Jeffrey Dunn was filed with the SEC on a Form 8-K (SEC file number 1-3822) on February 19, 2016, and is incorporated herein by reference.
31(a)	Certification of Denise M. Morrison pursuant to Rule 13a-14(a).
31(b)	Certification of Anthony P. DiSilvestro pursuant to Rule 13a-14(a).
32(a)	Certification of Denise M. Morrison pursuant to 18 U.S.C. Section 1350.
32(b)	Certification of Anthony P. DiSilvestro pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document