CAMPBELL SOUP CO
Form 10-Q
June 11, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

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

For the Quarterly Period Ended May 3, 2015	Commission File Number 1-3822

CAMPBELL SOUP COMPANY

New Jersey State of Incorporation	21-0419870 I.R.S. Employer Identification No.

1 Campbell Place
Camden, New Jersey 08103-1799
Principal Executive Offices

Telephone Number: (856) 342-4800

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. R Yes o No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). R Yes o No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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

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

There were 310,520,682 shares of capital stock outstanding as of June 5, 2015.

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PART I

Item 1. Financial Information
CAMPBELL SOUP COMPANY
Consolidated Statements of Earnings
(unaudited)
(millions, except per share amounts)

	Three Months Ended		Nine Months Ended	
	May 3, 2015	April 27, 2014	May 3, 2015	April 27, 2014
Net sales	$1,900	$1,970	$6,389	$6,416
Costs and expenses				
Cost of products sold	1,218	1,294	4,196	4,149
Marketing and selling expenses	213	217	702	746
Administrative expenses	141	134	416	424
Research and development expenses	29	30	85	88
Other expenses / (income)	3	2	14	16
Restructuring charges	9	1	9	35
Total costs and expenses	1,613	1,678	5,422	5,458
Earnings before interest and taxes	287	292	967	958
Interest expense	29	31	81	91
Interest income	1	1	3	2
Earnings before taxes	259	262	889	869
Taxes on earnings	77	79	266	278
Earnings from continuing operations	182	183	623	591
Earnings from discontinued operations	—	—	—	81
Net earnings	182	183	623	672
Less: Net earnings (loss) attributable to noncontrolling interests	—	(1)	—	(9)
Net earnings attributable to Campbell Soup Company	$182	$184	$623	$681
Per Share — Basic				
Earnings from continuing operations attributable to Campbell Soup Company	$.59	$.59	$1.99	$1.91
Earnings from discontinued operations	—	—	—	.26
Net earnings attributable to Campbell Soup Company	$.59	$.59	$1.99	$2.17
Dividends	$.312	$.312	$.936	$.936
Weighted average shares outstanding — basic	311	314	313	314
Per Share — Assuming Dilution				
Earnings from continuing operations attributable to Campbell Soup Company	$.58	$.58	$1.98	$1.90
Earnings from discontinued operations	—	—	—	.26
Net earnings attributable to Campbell Soup Company	$.58	$.58	$1.98	$2.16
Weighted average shares outstanding — assuming dilution	312	316	314	316

See accompanying Notes to Consolidated Financial Statements.

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CAMPBELL SOUP COMPANY
Consolidated Statements of Comprehensive Income
(unaudited)
(millions)

	Three Months Ended					
	May 3, 2015			April 27, 2014		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net earnings			$182			$183
Other comprehensive income (loss):						
Foreign currency translation:						
Foreign currency translation adjustments	$12	$—	12	$68	$—	68
Cash-flow hedges:						
Unrealized gains (losses) arising during the period	12	(5)	7	(5)	2	(3)
Reclassification adjustment for (gains) losses included in net earnings	(1)	—	(1)	1	—	1
Pension and other postretirement benefits:						
Net actuarial gain (loss) arising during the period	(4)	2	(2)	(1)	—	(1)
Reclassification of prior service credit included in net earnings	(1)	—	(1)	(1)	—	(1)
Reclassification of net actuarial loss included in net earnings	24	(9)	15	40	(14)	26
Other comprehensive income (loss)	$42	$(12)	30	$102	$(12)	90
Total comprehensive income (loss)			$212			$273
Total comprehensive income (loss) attributable to noncontrolling interests			—			—
Total comprehensive income (loss) attributable to Campbell Soup Company			$212			$273

	Nine Months Ended					
	May 3, 2015			April 27, 2014		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net earnings			$623			$672
Other comprehensive income (loss):						
Foreign currency translation:						
Foreign currency translation adjustments	$(238)	$1	(237)	$(1)	$(1)	(2)
Reclassification of currency translation adjustments realized upon disposal of business	—	—	—	(22)	3	(19)
Cash-flow hedges:						
Unrealized gains (losses) arising during period	(21)	8	(13)	(4)	2	(2)
Reclassification adjustment for (gains) losses included in net earnings	—	—	—	1	—	1
Pension and other postretirement benefits:						

Net actuarial gain (loss) arising during the period	13	(4)	9	7	(2)	5
Reclassification of prior service credit included in net earnings	(2)	—	(2)	(2)	—	(2)
Reclassification of net actuarial loss included in net earnings	72	(25)	47	87	(30)	57
Other comprehensive income (loss)	$(176)	$(20)	(196)	$66	$(28)	38
Total comprehensive income (loss)			$427			$710
Total comprehensive income (loss) attributable to noncontrolling interests			—			(9)
Total comprehensive income (loss) attributable to Campbell Soup Company			$427			$719

See accompanying Notes to Consolidated Financial Statements.

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

	May 3, 2015	August 3, 2014
Current assets		
Cash and cash equivalents	$230	$232
Accounts receivable, net	641	670
Inventories	876	1,016
Other current assets	155	182
Total current assets	1,902	2,100
Plant assets, net of depreciation	2,292	2,318
Goodwill	2,281	2,433
Other intangible assets, net of amortization	1,133	1,175
Other assets	151	87
Total assets	$7,759	$8,113
Current liabilities		
Short-term borrowings	$1,232	$1,771
Payable to suppliers and others	462	527
Accrued liabilities	491	553
Dividend payable	100	101
Accrued income taxes	38	37
Total current liabilities	2,323	2,989
Long-term debt	2,553	2,244
Deferred taxes	573	548
Other liabilities	725	729
Total liabilities	6,174	6,510
Commitments and contingencies		
Campbell Soup Company shareholders' equity		
Preferred stock; authorized 40 shares; none issued	—	—
Capital stock, $.0375 par value; authorized 560 shares; issued 323 shares	12	12
Additional paid-in capital	331	330
Earnings retained in the business	2,526	2,198
Capital stock in treasury, at cost	(507)	(356)
Accumulated other comprehensive loss	(765)	(569)
Total Campbell Soup Company shareholders' equity	1,597	1,615
Noncontrolling interests	(12)	(12)
Total equity	1,585	1,603
Total liabilities and equity	$7,759	$8,113

See accompanying Notes to Consolidated Financial Statements.

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

	Nine Months Ended	
	May 3, 2015	April 27, 2014
Cash flows from operating activities:		
Net earnings	$623	$672
Adjustments to reconcile net earnings to operating cash flow		
Restructuring charges	9	35
Stock-based compensation	46	46
Depreciation and amortization	223	222
Deferred income taxes	12	20
Gain on sale of business	—	(141)
Other, net	69	90
Changes in working capital		
Accounts receivable	19	(55)
Inventories	108	104
Prepaid assets	11	(25)
Accounts payable and accrued liabilities	(112)	(110)
Pension fund contributions	(3)	(45)
Receipts from (payments of) hedging activities	11	(6)
Other	(45)	(44)
Net cash provided by operating activities	971	763
Cash flows from investing activities:		
Purchases of plant assets	(242)	(198)
Sales of plant assets	9	19
Business acquired, net of cash acquired	—	(329)
Sale of business, net of cash divested	—	520
Other, net	(7)	(1)
Net cash provided by (used in) investing activities	(240)	11
Cash flows from financing activities:		
Net short-term repayments	(233)	(303)
Long-term borrowings	300	—
Repayments of notes payable	(300)	(300)
Dividends paid	(297)	(293)
Treasury stock purchases	(192)	(76)
Treasury stock issuances	9	14
Excess tax benefits on stock-based compensation	5	11
Contribution from noncontrolling interest	—	5
Other, net	(3)	—
Net cash used in financing activities	(711)	(942)
Effect of exchange rate changes on cash	(22)	(11)
Net change in cash and cash equivalents	(2)	(179)
Cash and cash equivalents continuing operations — beginning of period	232	333

Cash and cash equivalents discontinued operations — beginning of period	—	68
Cash and cash equivalents discontinued operations — end of period	—	—
Cash and cash equivalents continuing operations — end of period	$230	$222

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 July 28, 2013	323	$ 12	(11)	$ (364)	$ 362	$ 1,772	$ (565)	$ (7)	$ 1,210
Contribution from noncontrolling interest								5	5
Net earnings (loss)						681		(9)	672
Other comprehensive income (loss)							38	—	38
Dividends ($.936 per share)						(294)			(294)
Treasury stock purchased			(2)	(76)					(76)
Treasury stock issued under management incentive and stock option plans			2	76	(40)				36
Balance at April 27, 2014	323	$ 12	(11)	$ (364)	$ 322	$ 2,159	$ (527)	$ (11)	$ 1,591
Balance at August 3, 2014	323	$ 12	(10)	$ (356)	$ 330	$ 2,198	$ (569)	$ (12)	$ 1,603
Net earnings (loss)						623		—	623
Other comprehensive income (loss)							(196)	—	(196)
Dividends ($.936 per share)						(295)			(295)
Treasury stock purchased			(4)	(192)					(192)
Treasury stock issued under management incentive and stock option plans			2	41	1				42
Balance at May 3, 2015	323	$ 12	(12)	$ (507)	$ 331	$ 2,526	$ (765)	$ (12)	$ 1,585

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" and "our" 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 3, 2014. 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. There were 53 weeks in 2014. There will be 52 weeks in 2015.

2. Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (FASB) issued guidance for the recognition, measurement and disclosure of certain obligations resulting from joint and several liability arrangements for which the total amount is fixed. Such obligations may include debt arrangements, legal settlements, and other contractual arrangements. The guidance was effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, and should be applied retrospectively to all prior periods presented for applicable obligations that existed as of the beginning of the fiscal year of adoption. We adopted the guidance in the first quarter of 2015. The adoption did not have an impact on our consolidated financial statements.

In March 2013, the FASB issued guidance on the accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. The guidance was effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. We adopted the guidance in the first quarter of 2015. The adoption did not have an impact on our consolidated financial statements.

In July 2013, the FASB issued guidance on the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance requires the netting of unrecognized tax benefits (UTBs) against a deferred tax asset for a loss or other carryforward that would apply in settlement of uncertain tax positions. Under the new standard, UTBs will be netted against all available same-jurisdiction loss or other tax carryforwards that would be utilized, rather than only against carryforwards that are created by the UTBs. The guidance was effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, and should be applied prospectively to all UTBs that exist at the effective date. We adopted the guidance prospectively in the first quarter of 2015. The adoption did not have a material impact on our consolidated financial statements.

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

In May 2014, the FASB issued revised guidance on the recognition of revenue from contracts with customers. The guidance is designed to create greater comparability for financial statement users across industries and jurisdictions. The guidance also requires enhanced disclosures. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. On April 29, 2015, the FASB issued an exposure draft that would delay the effective date of the new revenue guidance by one year. Under the exposure draft, the updated guidance will be effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Under the exposure draft, entities will be permitted to adopt the new revenue standard early, but not before the original effective date. Comments on the proposal are due by May 29, 2015. 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 the consolidated financial statements.

In April 2015, the FASB issued guidance intended to provide a practical expedient for the measurement date of defined benefit plan assets and obligations. The practical expedient allows employers with fiscal year-end dates that do not fall on a calendar month-end to measure pension and postretirement benefit plan assets and obligations as of the calendar month-end date closest to the fiscal year-end.The guidance is effective for fiscal years beginning on or 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 the 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. Entities should apply the new guidance 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 May 2015, the FASB issued guidance that eliminates the requirement to categorize investments measured using the net asset value (NAV) practical expedient in the fair value hierarchy table. Entities will be required to disclose the fair value of investments measured using the NAV practical expedient so that financial statement users can reconcile amounts reported in the fair value hierarchy table to amounts reported on the balance sheet. The new guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted. We do not expect the adoption to have a material impact on the consolidated financial statements.

3. Acquisitions

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

For the three-month period ended April 27, 2014, the Kelsen acquisition contributed $17 to Net sales and resulted in a Net loss of $4. The acquisition also contributed $161 to Net sales and $7 to Net earnings from August 8, 2013, to April 27, 2014.

The following unaudited summary information is presented on a consolidated pro forma basis as if the Kelsen acquisition had occurred on July 30, 2012:

	Nine Months Ended April 27, 2014
Net sales	$6,420
Earnings from continuing operations attributable to Campbell Soup Company	$601
Earnings per share from continuing operations attributable to Campbell Soup Company	$1.90

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 Kelsen acquisition been completed on July 30, 2012, nor are they indicative of future combined results.

4. Discontinued Operations

On October 28, 2013, we completed the sale of our European simple meals business to Soppa Investments S.à r.l., an affiliate of CVC Capital Partners. The all-cash preliminary sale price was €400, or $548, and was subject to certain post-closing adjustments, which resulted in a $14 reduction of proceeds. We recognized a pre-tax gain of $141 ($72 after tax or $.23 per share) in 2014. We used the proceeds from the sale to pay taxes on the sale, to reduce debt and for other general corporate purposes.

We have reflected the results of the European simple meals business as discontinued operations in the Consolidated Statements of Earnings.

Results of discontinued operations were as follows:

	Nine Months Ended April 27, 2014
Net sales	$137

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

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5. Accumulated Other Comprehensive Income (Loss)

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

	Foreign Currency Translation Adjustments[1]	Gains (Losses) on Cash Flow Hedges[2]	Pension and Postretirement Benefit Plan Adjustments[3]	Total Accumulated Comprehensive Income (Loss)
Balance at August 3, 2014	$137	$(3)	$(703)	$(569)
Other comprehensive income (loss) before reclassifications	(237)	(13)	9	(241)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	45	45
Net current-period other comprehensive income (loss)	(237)	(13)	54	(196)
Balance at May 3, 2015	$(100)	$(16)	$(649)	$(765)

(1) Included a tax expense of $6 as of May 3, 2015, and $7 as of August 3, 2014.
(2) Included a tax benefit of $9 as of May 3, 2015, and $1 as of August 3, 2014.
(3) Included a tax benefit of $376 as of May 3, 2015, and $405 as of August 3, 2014.

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 May 3, 2015	Three Months Ended April 27, 2014	Nine Months Ended May 3, 2015	Nine Months Ended April 27, 2014	Location of (Gain) Loss Recognized in Earnings
(Gains) losses on cash flow hedges:					
Foreign exchange forward contracts	$(2)	$(1)	$(2)	$(2)	Cost of products sold
Foreign exchange forward contracts	—	1	(1)	—	Other expenses / (income)
Forward starting interest rate swaps	1	1	3	3	Interest expense
Total before tax	(1)	1	—	1	
Tax expense (benefit)	—	—	—	—	
(Gain) loss, net of tax	$(1)	$1	$—	$1	
Pension and postretirement benefit adjustments:					
Prior service credit	$(1)	$(1)	$(2)	$(2)	[1]
Net actuarial losses	24	40	72	87	[1]
Total before tax	23	39	70	85	
Tax expense (benefit)	(9)	(14)	(25)	(30)	
(Gain) loss, net of tax	$14	$25	$45	$55	

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

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

6. Goodwill and Intangible Assets

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

	U.S. Simple Meals	Global Baking and Snacking	International Simple Meals and Beverages	U.S. Beverages	Bolthouse and Foodservice	Total
Balance at August 3, 2014	$450	$918	$115	$112	$838	$2,433
Foreign currency translation adjustments	—	(140)	(12)	—	—	(152)
Balance at May 3, 2015	$450	$778	$103	$112	$838	$2,281

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	May 3, 2015	August 3, 2014
Amortizable intangible assets		
Customer relationships	$174	$178
Technology	40	40
Other	35	35
Total gross amortizable intangible assets	$249	$253
Accumulated amortization	(48)	(35)
Total net amortizable intangible assets	$201	$218
Non-amortizable intangible assets		
Trademarks	932	957
Total net intangible assets	$1,133	$1,175

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

Amortization of intangible assets of continuing operations was $13 for the nine-month periods ended May 3, 2015, and April 27, 2014. Amortization expense for the next 5 years is estimated to be $17 in each of the fiscal periods 2015 through 2017, and $13 in 2018 and 2019. Asset useful lives range from 5 to 20 years.

7. Business and Geographic Segment Information

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

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

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

The International Simple Meals and Beverages segment aggregates the following operating segments: the retail business in Canada and the simple meals and beverages business in Asia Pacific, Latin America and China.

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

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

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 expenses as these open positions represent hedges of future purchases. Upon closing of the contracts, the realized gain or loss is transferred to segment operating earnings, which allows the segments to reflect the economic effects of the hedge without exposure to quarterly volatility of unrealized gains and losses. Certain manufacturing, warehousing and distribution activities of the segments are integrated in order to maximize efficiency and productivity. As a result, asset information by segment is not discretely maintained for internal reporting or used in evaluating performance.

On January 29, 2015, we announced plans to implement a new enterprise design focused mainly on product categories. Under the new design, our businesses will be organized in the following three new divisions: Americas Simple Meals and Beverages, Global Biscuits and Snacks, and Campbell Fresh (previously known as Packaged Fresh). We are in the process of implementing plans for this new enterprise design. We expect to manage our operations under the new structure beginning in 2016, and will modify segment reporting as appropriate.

	Three Months Ended		Nine Months Ended	
	May 3, 2015	April 27, 2014	May 3, 2015	April 27, 2014
Net sales				
U.S. Simple Meals	$630	$672	$2,425	$2,426
Global Baking and Snacking	555	564	1,822	1,812
International Simple Meals and Beverages	175	186	558	592
U.S. Beverages	187	190	524	539
Bolthouse and Foodservice	353	358	1,060	1,047
Total	$1,900	$1,970	$6,389	$6,416

	Three Months Ended		Nine Months Ended	
	May 3, 2015	April 27, 2014	May 3, 2015	April 27, 2014
Earnings before interest and taxes				
U.S. Simple Meals	$147	$175	$559	$600
Global Baking and Snacking	80	68	277	234
International Simple Meals and Beverages	27	27	69	85
U.S. Beverages	34	29	80	84
Bolthouse and Foodservice	31	23	79	88
Corporate[1]	(23)	(29)	(88)	(98)
Restructuring charges[2]	(9)	(1)	(9)	(35)
Total	$287	$292	$967	$958

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(1) Represents unallocated corporate expenses. Costs of $9 related to the implementation of our new organizational structure and cost reduction initiatives were included in the three- and nine-month periods ended May 3, 2015. See Note 8 for additional information. A pension settlement charge of $18 associated with a U.S. pension plan was included in the three- and nine-month periods ended April 27, 2014. The settlement resulted from the level of lump sum distributions from the plan's assets in 2014, primarily due to the closure of the facility in Sacramento, California. Restructuring-related costs of $2 and a loss of $9 on foreign exchange forward contracts related to the sale of the European simple meals business were included in the nine-month period ended April 27, 2014.

(2) See Note 8 for additional information.

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

	Three Months Ended		Nine Months Ended	
	May 3, 2015	April 27, 2014	May 3, 2015	April 27, 2014
Net sales				
Simple Meals	$1,011	$1,063	$3,612	$3,626
Baked Snacks	587	597	1,919	1,912
Beverages	302	310	858	878
Total	$1,900	$1,970	$6,389	$6,416

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

8. 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, our businesses will be organized in the following three new divisions: Americas Simple Meals and Beverages, Global Biscuits and Snacks, and Campbell Fresh. We are in the process of implementing plans for this new enterprise design.

To support our new enterprise design, we are designing and implementing a new Integrated Global Services organization to reduce our costs, improve our capabilities by establishing dedicated centers of excellence, and improve our efficiency. We are still in the process of designing this organization.

We are pursuing additional initiatives to reduce costs and to streamline our organizational structure. In the third quarter of 2015, we commenced a voluntary employee separation program and recorded a restructuring charge of $9 related to the program for severance pay and benefits. The program was 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. Most of the electing employees will remain with the company through July 31, 2015, with some remaining with the company beyond July 31.

Finally, we incurred charges of $9 recorded in Administrative expenses related to the implementation of the new organizational structure and cost reduction initiatives.

The aggregate after-tax impact of restructuring charges and implementation costs recorded in 2015 was $11, or $.04 per share. A summary of the pre-tax costs and remaining costs associated with the 2015 initiatives is as follows:

	Total Program	Recognized as of May 3, 2015	Remaining Costs to be Recognized
Severance pay and benefits	$109	$(9)	$100
Implementation costs	22	(9)	13
Total	$131	$(18)	$113

Of the aggregate $131 of pre-tax costs, approximately $124 represents cash expenditures. We expect to incur the majority of these costs in the fourth quarter of 2015.

A summary of the restructuring activity and related reserves associated with the 2015 initiatives at May 3, 2015, is as follows:

	Nine Months Ended May 3, 2015			
	Accrued Balance at August 3, 2014	Charges	Cash Payments	Accrued Balance at May 3, 2015

Severance pay and benefits	$—	$2	$—	$2
Non-cash benefits[1]		7		
Implementation costs[2]		9		
Total charges		$18		

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

(2) 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 and implementation costs because we evaluate segment performance excluding such charges. A summary of restructuring charges and implementation costs incurred to date associated with segments is as follows:

	U.S. Simple Meals	Global Baking and Snacking	U.S. Beverages	Corporate	Total
Severance pay and benefits	$3	$4	$1	$1	$9
Implementation costs	—	—	—	9	9
	$3	$4	$1	$10	$18

We expect additional pre-tax costs of approximately $113 associated with segments as follows: U.S. Simple Meals - $37; Global Baking and Snacking - $45; U.S. Beverages - $9; Bolthouse and Foodservice - $5; and Corporate - $17.

2014 Initiatives

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

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