

The Campbell's Company: Funding a Near-Term Maturity

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Student strategy and finance case

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The decision

On September 24, 2026, Campbell's filed its FY2026 Form 10-K. One financing question remained open: how would the company fund the **\$500 million of 5.20% senior notes due March 19, 2027**? The filing said Campbell expected to repay and/or refinance the notes, naming capital markets, cash, commercial paper (CP) and its revolving credit facility as possible sources. It did not disclose a final funding mix. [P01]

For this teaching case, assume you are advising a **hypothetical finance committee discussion** about that funding mix. This is a constructed decision, not a reported board debate. Recommend one approach, a blend, or a defensible alternative:

1. **Pre-fund with longer-term capital-markets debt**, preserving cash and revolver capacity.
2. **Accumulate cash from operations and repay some or all of the notes**, retaining the revolver as backup.
3. **Use CP or the revolver as a bridge**, then refinance or repay later.

Explain the liquidity, cost, maturity and execution trade-offs. Identify the information or trigger that would change your recommendation. Do not assume an issue coupon, cash forecast, rating threshold or covenant headroom that Campbell did not disclose.

What is fixed and what is open

Campbell had already announced two balance-sheet actions on September 3: resetting the quarterly dividend from \$0.39 to \$0.25 per share to accelerate debt reduction, and targeting \$500 million of annual ongoing savings by FY2030. The savings program included an estimated \$90 million of pre-tax costs, substantially all expected to be cash, and approximately \$10 million of expected capex. These are announced context, not choices in this case; the savings are a target, not current repayment cash. [P01, P03]

The open question is the source and timing of the March 2027 note repayment. The company's latest audited filing reported a \$1.85 billion revolving facility, unused at August 2 except for \$1 million of standby letters of credit. On September 17, Campbell extended the facility's maturity to April 16, 2031; other terms remained unchanged. [P01, P02]

Business and cash-generation context

FY2026 net sales were **\$9.744 billion**, down 5% as reported and 2% organically. GAAP EBIT was **\$852 million**, down 24%; adjusted EBIT was **\$1.181 billion**, down 21%. Campbell attributed adjusted EBIT pressure primarily to gross-margin declines from cost inflation and higher supply-chain costs, including tariffs, partly offset by productivity and savings. The fourth quarter included a **\$117 million combined Cape Cod and Kettle Brand trademark impairment**. That accounting charge was not a cash debt-service payment, but it is relevant context for brand outlook. Adjusted results are non-GAAP and should not be treated as cash flow. FY2025 had 53 weeks versus 52 in FY2026; Campbell estimated the extra week contributed 2% to FY2025 sales, adjusted EBIT and adjusted EPS. [P03]

Management's FY2027 outlook called for reported and organic sales down 2%-4%, adjusted EBIT down 7%-12%, and adjusted EPS of \$1.65-\$1.80. This is guidance, not realized performance. The company did not provide a reconciliation for adjusted FY2027 guidance because certain future items could not reasonably be estimated. [P03]

Exhibit 1. Liquidity and obligations at the cutoff

Measure	Company disclosure	How to read it
Cash and cash equivalents, Aug. 2, 2026	\$394m	Includes \$92m held in consolidated VIEs and restricted to VIE obligations; approximately \$302m was outside those VIEs before operating needs. The full balance is not parent-company repayment cash. [P01, P05]
FY2026 operating cash flow	\$1,039m	Historical full-year flow, not a forecast to March 2027. [P01]
FY2026 capex / dividends paid	\$361m / \$470m	Historical flows; do not treat operating cash flow less these items as a forward cash budget. [P01]
FY2027 capex estimate	Approximately \$300m	Management estimate, not a full capital plan or guaranteed ceiling. [P01]
Purchase commitments	\$2.014bn total; about \$1.408bn expected to settle in the next 12 months	Mostly ordinary-course supply, ingredients, machinery, manufacturing and service obligations; different from all-in discretionary investment. [P01]
Estimated 2027 interest payments	\$310m	Contractual estimate based on year-end principal and coupons; separate from principal maturities. [P01]
Short-term borrowings due within one year	\$977m, including \$373m CP	This total already includes the \$500m March 2027 note. Do not add the note again. [P01]
Long-term debt principal including finance leases due in 2027	\$533m	Different scope from the \$977m short-term borrowing total; includes finance leases. [P01, Note 14]
Working capital at Aug. 2	Negative \$616m	Management linked it to lower core working-capital requirements and current maturities and said financing sources were adequate. It is not by itself evidence of imminent distress. [P01]

The filing reported Campbell in compliance with its debt and facility covenants. The revolver has a minimum consolidated adjusted EBITDA-to-interest-expense ratio of 3.25:1.00. The filing does not disclose covenant headroom, a post-draw ratio, a current cash forecast or rating-agency thresholds. It identifies no covenant that forces a cash repayment or blocks refinancing. [P01]

Exhibit 2. The note and available financing paths

Path	What it could accomplish	What remains uncertain
Longer-term capital-markets refinancing	Resolve the maturity before March 2027 and preserve cash/revolver capacity.	Issue size, coupon, fees, market access and rating effect were not disclosed. The existing 5.20% coupon is not a forecast of a replacement rate.
Cash-funded repayment	Reduce debt and avoid replacement principal. At full-year principal, the current note's gross annual coupon is $\$500\text{m} \times 5.20\% = \text{\$26m}$, before tax.	The \$394m cash figure includes \$92m restricted to VIE obligations; the remainder also supports operations. Future cash generation and an appropriate minimum cash balance were not disclosed.
CP/revolver bridge, followed by term-out or repayment	Use sources named by Campbell and the extended facility to manage timing.	Short-term rollover, interest-rate, covenant and future term-out risk remain. Reported unused capacity is not the same as cash and does not reveal post-draw covenant headroom.

Campbell said the revolver supports CP and general corporate purposes and may be increased by up to \$500 million subject to conditions. At year-end it was unused except for \$1 million of standby letters of credit. Its maturity now extends beyond the note date, but the note and revolver remain distinct obligations. [P01, P02]

Your assignment

Prepare a two-page recommendation memo for the hypothetical finance committee. State the funding mix and timing you recommend; explain the strongest argument against your choice; identify at least two measurable or observable decision gates; and list the company information you would request before execution. Use the exhibits and source IDs, separate disclosed facts from assumptions, and show any arithmetic. You may recommend a blended path.

Do not claim that \$500 million can be repaid from the \$394 million cash balance, count the restricted VIE cash as generally available, double-count the note within the \$977 million short-term total, or present the dividend reset/savings target as still undecided. Do not invent financing rates, cash forecasts, covenant headroom, rating outcomes or later events.

Source guide

Company sources, links and detailed locators are in the accepted source register; the claim-level evidence extraction and literature review provide calculation and access limits. Primary evidence used here is P01-P05. Information after the September 24, 2026 cutoff is excluded.