

APPENDICES: Kellogg Company Q2 2016 Financial Results Presentation

August 4, 2016

Exhibit Reconciliation of Non-GAAP Amounts

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Kellogg Company and Subsidiaries
Adjustments to Reconcile As Reported Results to Currency-Neutral Comparable Results

(millions, except per share data)

Exhibit 1

Quarter ended July 2, 2016

(Results are unaudited)	Mark-to-market	Project K and cost reduction activities	Other costs impacting comparability	Acquisitions/divestitures and integration costs	Shipping day differences	Venezuela remeasurement	Income tax benefit applicable to adjustments, net	Foreign currency impact	Comparable adjustments
Net sales	\$ —	\$ —	\$ —	\$ 5	\$ —	\$ —		\$ (528)	\$ (523)
Cost of goods sold	(16)	36	—	3	—	7		(437)	(407)
Selling, general and administrative expense	(4)	36	—	1	—	—		(39)	(6)
Operating profit	20	(72)	—	1	—	(7)		(52)	(110)
Interest expense	—	—	—	—	—	—		(5)	(5)
Other income (expense), net	—	—	—	(1)	—	2		7	8
Income (loss) before income taxes	20	(72)	—	—	—	(5)		(40)	(97)
Income taxes	—	—	—	—	—	—	(16)	(9)	(25)
Net income (loss)	\$ 20	\$ (72)	\$ —	\$ —	\$ —	\$ (5)	\$ 16	\$ (31)	\$ (72)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—
Net income (loss) attributable to Kellogg Company	\$ 20	\$ (72)	\$ —	\$ —	\$ —	\$ (5)	\$ 16	\$ (31)	\$ (72)
Per share amounts:									
Diluted	\$ 0.05	\$ (0.20)	\$ —	\$ —	\$ —	\$ (0.01)	\$ 0.04	\$ (0.09)	\$ (0.21)

Quarter ended July 4, 2015

(Results are unaudited)	Mark-to-market	Project K and cost reduction activities	Other costs impacting comparability	Acquisitions/divestitures and integration costs	Shipping day differences	Venezuela remeasurement	Income tax benefit applicable to adjustments, net	Comparable adjustments
Net sales	\$ —	\$ —	\$ —	\$ 8	\$ —	\$ —		\$ 8
Cost of goods sold	(34)	65	—	8	—	100		139
Selling, general and administrative expense	(1)	25	(67)	3	—	3		(37)
Operating profit	35	(90)	67	(3)	—	(103)		(94)
Interest expense	—	—	—	—	—	—		—
Other income (expense), net	—	—	6	(3)	—	(49)		(46)
Income (loss) before income taxes	35	(90)	73	(6)	—	(152)		(140)
Income taxes	—	—	—	—	—	—	(36)	(36)
Net income (loss)	\$ 35	\$ (90)	\$ 73	\$ (6)	\$ —	\$ (152)	\$ 36	\$ (104)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—
Net income (loss) attributable to Kellogg Company	\$ 35	\$ (90)	\$ 73	\$ (6)	\$ —	\$ (152)	\$ 36	\$ (104)
Per share amounts:								
Diluted	\$ 0.10	\$ (0.25)	\$ 0.21	\$ (0.02)	\$ —	\$ (0.43)	\$ 0.10	\$ (0.29)

Kellogg Company and Subsidiaries
Adjustments to Reconcile As Reported Results to Currency-Neutral Comparable Results

(millions, except per share data)

Exhibit 2

Year-to-date period ended July 2, 2016

(Results are unaudited)	Mark-to-market	Project K and cost reduction activities	Other costs impacting comparability	Acquisitions/divestitures and integration costs	Shipping day differences	Venezuela remeasurement	Income tax benefit applicable to adjustments, net	Foreign currency impact	Comparable adjustments
Net sales	\$ —	\$ —	\$ —	\$ 20	\$ —	\$ —		\$ (944)	\$ (924)
Cost of goods sold	9	54	—	15	—	12		(622)	(532)
Selling, general and administrative expense	(5)	70	—	4	—	1		(79)	(9)
Operating profit	(4)	(124)	—	1	—	(13)		(243)	(383)
Interest expense	—	—	153	—	—	—		(10)	143
Other income (expense), net	—	—	—	(1)	—	2		2	3
Income (loss) before income taxes	(4)	(124)	(153)	—	—	(11)		(231)	(523)
Income taxes	—	—	—	—	—	—	(85)	(68)	(153)
Net income (loss)	\$ (4)	\$ (124)	\$ (153)	\$ —	\$ —	\$ (11)	\$ 85	\$ (163)	\$ (370)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—	—
Net income (loss) attributable to Kellogg Company	\$ (4)	\$ (124)	\$ (153)	\$ —	\$ —	\$ (11)	\$ 85	\$ (163)	\$ (370)
Per share amounts:									
Diluted	\$ (0.01)	\$ (0.35)	\$ (0.43)	\$ —	\$ —	\$ (0.03)	\$ 0.24	\$ (0.46)	\$ (1.04)

Year-to-date period ended July 4, 2015

(Results are unaudited)	Mark-to-market	Project K and cost reduction activities	Other costs impacting comparability	Acquisitions/divestitures and integration costs	Shipping day differences	Venezuela remeasurement	Income tax benefit applicable to adjustments, net	Comparable adjustments
Net sales	\$ —	\$ (2)	\$ —	\$ 8	\$ (3)	\$ —		\$ 3
Cost of goods sold	34	97	—	14	(3)	100		242
Selling, general and administrative expense	(2)	59	(67)	5	—	3		(2)
Operating profit	(32)	(158)	67	(11)	—	(103)		(237)
Interest expense	—	—	—	—	—	—		—
Other income (expense), net	—	—	(19)	(3)	—	(49)		(71)
Income (loss) before income taxes	(32)	(158)	48	(14)	—	(152)		(308)
Income taxes	—	—	—	—	—	—	(80)	(80)
Net income (loss)	\$ (32)	\$ (158)	\$ 48	\$ (14)	\$ —	\$ (152)	\$ 80	\$ (228)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—
Net income (loss) attributable to Kellogg Company	\$ (32)	\$ (158)	\$ 48	\$ (14)	\$ —	\$ (152)	\$ 80	\$ (228)
Per share amounts:								
Diluted	\$ (0.09)	\$ (0.44)	\$ 0.13	\$ (0.04)	\$ —	\$ (0.43)	\$ 0.23	\$ (0.64)

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Net Sales to Currency-Neutral Comparable Net Sales

Exhibit 3

Quarter ended July 2, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	\$ 727	\$ 803	\$ 271	\$ 406	\$ 2,207	\$ 629	\$ 204	\$ 228	\$ —	\$ 3,268
Project K and cost reduction activities	—	—	—	—	—	—	—	—	—	—
Acquisitions/divestitures and integration costs	—	—	—	—	—	5	—	—	—	5
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Comparable net sales	\$ 727	\$ 803	\$ 271	\$ 406	\$ 2,207	\$ 624	\$ 204	\$ 228	\$ —	\$ 3,263
Foreign currency impact	—	—	—	(4)	(4)	(26)	(491)	(7)	—	(528)
Currency-neutral comparable net sales	\$ 727	\$ 803	\$ 271	\$ 410	\$ 2,211	\$ 650	\$ 695	\$ 235	\$ —	\$ 3,791

Quarter ended July 4, 2015

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	\$ 742	\$ 835	\$ 270	\$ 439	\$ 2,286	\$ 650	\$ 328	\$ 234	\$ —	\$ 3,498
Project K and cost reduction activities	—	—	—	—	—	—	—	—	—	—
Acquisitions/divestitures and integration costs	—	—	—	—	—	—	—	8	—	8
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Comparable net sales	\$ 742	\$ 835	\$ 270	\$ 439	\$ 2,286	\$ 650	\$ 328	\$ 226	\$ —	\$ 3,490

% change - 2016 vs. 2015:

Reported growth	(2.0)%	(3.9)%	0.5%	(7.4)%	(3.4)%	(3.2)%	(37.9)%	(2.9)%	—%	(6.6)%
Project K and cost reduction activities	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Acquisitions/divestitures and integration costs	—%	—%	—%	0.1%	0.1%	0.7%	—%	(3.1)%	—%	(0.1)%
Differences in shipping days	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Comparable growth	(2.0)%	(3.9)%	0.5%	(7.5)%	(3.5)%	(3.9)%	(37.9)%	0.2%	—%	(6.5)%
Foreign currency impact	—%	—%	—%	(1.1)%	(0.3)%	(3.9)%	(149.8)%	(3.2)%	—%	(15.1)%
Currency-neutral comparable growth	(2.0)%	(3.9)%	0.5%	(6.4)%	(3.2)%	—%	111.9%	3.4%	—%	8.6%
Volume (tonnage)					(2.4)%	(0.4)%	(4.9)%	5.8%	—%	(1.6)%
Pricing/mix					(0.8)%	0.4%	116.8%	(2.4)%	—%	10.2%

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Net Sales to Currency-Neutral Comparable Net Sales

Exhibit 4

Year-to-date period ended July 2, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	\$ 1,494	\$ 1,635	\$ 647	\$ 820	\$ 4,596	\$ 1,227	\$ 396	\$ 444	\$ —	\$ 6,663
Project K and cost reduction activities	—	—	—	—	—	—	—	—	—	—
Acquisitions/divestitures and integration costs	—	—	—	1	1	19	—	—	—	20
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Comparable net sales	\$ 1,494	\$ 1,635	\$ 647	\$ 819	\$ 4,595	\$ 1,208	\$ 396	\$ 444	\$ —	\$ 6,643
Foreign currency impact	—	—	—	(15)	(15)	(47)	(860)	(22)	—	(944)
Currency-neutral comparable net sales	\$ 1,494	\$ 1,635	\$ 647	\$ 834	\$ 4,610	\$ 1,255	\$ 1,256	\$ 466	\$ —	\$ 7,587

Year-to-date period ended July 4, 2015

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	\$ 1,518	\$ 1,689	\$ 631	\$ 872	\$ 4,710	\$ 1,257	\$ 623	\$ 464	\$ —	\$ 7,054
Project K and cost reduction activities	—	—	—	(2)	(2)	—	—	—	—	(2)
Acquisitions/divestitures and integration costs	—	—	—	—	—	—	—	8	—	8
Differences in shipping days	—	—	—	—	—	(3)	—	—	—	(3)
Comparable net sales	\$ 1,518	\$ 1,689	\$ 631	\$ 874	\$ 4,712	\$ 1,260	\$ 623	\$ 456	\$ —	\$ 7,051

% change - 2016 vs. 2015:

Reported growth	(1.6)%	(3.2)%	2.6%	(5.9)%	(2.4)%	(2.4)%	(36.5)%	(4.3)%	—%	(5.5)%
Project K and cost reduction activities	—%	—%	—%	0.2%	0.1%	—%	—%	—%	—%	—%
Acquisitions/divestitures and integration costs	—%	—%	—%	0.2%	—%	1.5%	—%	(1.6)%	—%	0.2%
Differences in shipping days	—%	—%	—%	—%	—%	0.2%	—%	—%	—%	0.1%
Comparable growth	(1.6)%	(3.2)%	2.6%	(6.3)%	(2.5)%	(4.1)%	(36.5)%	(2.7)%	—%	(5.8)%
Foreign currency impact	—%	—%	—%	(1.8)%	(0.3)%	(3.7)%	(138.2)%	(4.9)%	—%	(13.4)%
Currency-neutral comparable growth	(1.6)%	(3.2)%	2.6%	(4.5)%	(2.2)%	(0.4)%	101.7%	2.2%	—%	7.6%
Volume (tonnage)					(1.7)%	0.6%	(4.1)%	3.3%	—%	(1.1)%
Pricing/mix					(0.5)%	(1.0)%	105.8%	(1.1)%	—%	8.7%

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Gross Profit to Currency-Neutral Comparable Gross Profit

Exhibit 5

	Quarter ended		Year-to-date period ended	
	July 2, 2016	July 4, 2015	July 2, 2016	July 4, 2015
Reported gross profit	\$ 1,270	\$ 1,241	\$ 2,515	\$ 2,486
Mark-to-market	16	34	(9)	(34)
Project K and cost reduction activities	(36)	(65)	(54)	(99)
Acquisitions/divestitures and integration costs	2	—	5	(6)
Venezuela remeasurement	(7)	(100)	(12)	(100)
Comparable gross profit	\$ 1,295	\$ 1,372	\$ 2,585	\$ 2,725
Foreign currency impact	(91)		(322)	
Currency-neutral comparable gross profit	\$ 1,386		\$ 2,907	

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Gross Margin to Currency-Neutral Comparable Gross Margin

Exhibit 6

	Quarter ended		Year-to-date period ended	
	July 2, 2016	July 4, 2015	July 2, 2016	July 4, 2015
Reported gross margin	38.9 %	35.5 %	37.7 %	35.3 %
Mark-to-market	0.5 %	1.0 %	(0.2)%	(0.4)%
Project K and cost reduction activities	(1.0)%	(1.9)%	(0.8)%	(1.4)%
Acquisitions/divestitures and integration costs	— %	— %	— %	(0.2)%
Venezuela remeasurement	(0.2)%	(2.9)%	(0.2)%	(1.4)%
Comparable gross margin	39.6 %	39.3 %	38.9 %	38.7 %
Foreign currency impact	3.0 %		0.6 %	
Currency-neutral comparable gross margin	36.6 %		38.3 %	

Kellogg Company and Subsidiaries
Reconciliation of Non-GAAP Amounts - Reported Operating Profit to Currency-Neutral Comparable Operating Profit

Exhibit 7

Quarter ended July 2, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported	\$ 165	\$ 69	\$ 60	\$ 47	\$ 341	\$ 68	\$ 20	\$ 12	\$ 8	\$ 449
Mark-to-market	—	—	—	—	—	—	—	—	20	20
Project K and cost reduction activities	(4)	(34)	(1)	(4)	(43)	(14)	(4)	(4)	(7)	(72)
Other costs impacting comparability	—	—	—	—	—	—	—	—	—	—
Acquisitions/divestitures and integration costs	—	—	—	—	—	1	—	—	—	1
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	—	(7)	—	—	(7)
Comparable	\$ 169	\$ 103	\$ 61	\$ 51	\$ 384	\$ 81	\$ 31	\$ 16	\$ (5)	\$ 507
Foreign currency impact	—	—	—	(2)	(2)	(7)	(47)	1	3	(52)
Currency-neutral comparable	\$ 169	\$ 103	\$ 61	\$ 53	\$ 386	\$ 88	\$ 78	\$ 15	\$ (8)	\$ 559

Quarter ended July 4, 2015

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported	\$ 131	\$ 160	\$ 59	\$ 37	\$ 387	\$ 57	\$ (56)	\$ 10	\$ 14	\$ 412
Mark-to-market	—	—	—	—	—	—	—	—	35	35
Project K and cost reduction activities	(13)	(10)	(1)	(23)	(47)	(25)	(1)	(3)	(14)	(90)
Other costs impacting comparability	—	67	—	—	67	—	—	—	—	67
Acquisitions/divestitures and integration costs	—	—	—	—	—	(3)	—	1	(1)	(3)
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	—	(102)	—	(1)	(103)
Comparable	\$ 144	\$ 103	\$ 60	\$ 60	\$ 367	\$ 85	\$ 47	\$ 12	\$ (5)	\$ 506

% change - 2016 vs. 2015:

Reported growth	25.1%	(57.2)%	2.5 %	31.8 %	(11.9)%	19.5 %	135.2 %	18.1 %	(35.3)%	9.1 %
Mark-to-market	—%	— %	— %	— %	— %	— %	— %	— %	(83.7)%	(5.0)%
Project K and cost reduction activities	8.0%	(17.3)%	(1.5)%	43.5 %	(0.8)%	19.5 %	(7.5)%	5.5 %	1.6 %	6.5 %
Other costs impacting comparability	—%	(38.4)%	— %	— %	(16.2)%	— %	— %	— %	— %	(17.9)%
Acquisitions/divestitures and integration costs	—%	— %	— %	(0.1)%	— %	3.5 %	(0.3)%	(5.8)%	14.6 %	1.3 %
Differences in shipping days	—%	— %	— %	— %	— %	— %	— %	— %	— %	— %
Venezuela remeasurement	—%	— %	— %	— %	— %	— %	179.9 %	— %	13.2 %	23.9 %
Comparable growth	17.1%	(1.5)%	4.0 %	(11.6)%	5.1 %	(3.5)%	(36.9)%	18.4 %	19.0 %	0.3 %
Foreign currency impact	—%	— %	— %	(1.1)%	(0.2)%	(7.2)%	(103.5)%	0.9 %	68.5 %	(10.3)%
Currency-neutral comparable growth	17.1%	(1.5)%	4.0 %	(10.5)%	5.3 %	3.7 %	66.6 %	17.5 %	(49.5)%	10.6 %

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Operating Margin to Currency-Neutral Comparable Operating Margin

Exhibit 8

	Quarter ended July 2, 2016											Quarter ended July 4, 2015	
	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated		Kellogg Consolidated	
	<i>Basis points change</i>											%	%
Reported	4.9	(10.6)	0.4	3.4	(1.5)	2.1	26.6	0.9	—	2.0	13.8 %	(0.9)	11.8 %
Mark-to-market	—	—	—	—	—	—	—	—	—	(0.4)	0.6 %	1.3	1.0 %
Project K and cost reduction activities	1.1	(3.0)	(0.4)	4.1	—	1.7	(1.6)	—	—	0.4	(2.2)%	(0.5)	(2.6)%
Other costs impacting comparability	—	(7.9)	—	—	(2.9)	—	—	—	—	(1.9)	— %	1.9	1.9 %
Acquisitions/divestitures and integration costs	—	—	—	(0.1)	—	0.3	0.1	(0.1)	—	0.1	— %	0.2	(0.1)%
Venezuela remeasurement	—	—	—	—	—	—	27.8	—	—	2.7	(0.2)%	(2.9)	(2.9)%
Comparable	3.8	0.3	0.8	(0.6)	1.4	0.1	0.3	1.0	—	1.1	15.6 %	(0.9)	14.5 %
Foreign currency impact	—	—	—	—	—	(0.4)	3.4	0.2	—	0.8	0.8 %	0.3	0.3 %
Currency-neutral comparable	3.8	0.3	0.8	(0.6)	1.4	0.5	(3.1)	0.8	—	0.3	14.8 %	(1.2)	14.2 %

Kellogg Company and Subsidiaries
Reconciliation of Non-GAAP Amounts - Reported Operating Profit to Currency-Neutral Comparable Operating Profit

Exhibit 9

Year-to-date period ended July 2, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported	\$ 313	\$ 152	\$ 146	\$ 92	\$ 703	\$ 138	\$ 43	\$ 29	\$ (26)	\$ 887
Mark-to-market	—	—	—	—	—	—	—	—	(4)	(4)
Project K and cost reduction activities	(9)	(54)	(3)	(13)	(79)	(28)	(4)	(4)	(9)	(124)
Other costs impacting comparability	—	—	—	—	—	—	—	—	—	—
Acquisitions/divestitures and integration costs	—	—	—	—	—	1	—	—	—	1
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	—	(13)	—	—	(13)
Comparable	\$ 322	\$ 206	\$ 149	\$ 105	\$ 782	\$ 165	\$ 60	\$ 33	\$ (13)	\$ 1,027
Foreign currency impact	—	—	—	(3)	(3)	(9)	(237)	—	6	(243)
Currency-neutral comparable	\$ 322	\$ 206	\$ 149	\$ 108	\$ 785	\$ 174	\$ 297	\$ 33	\$ (19)	\$ 1,270

Year-to-date period ended July 4, 2015

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported	\$ 258	\$ 240	\$ 137	\$ 96	\$ 731	\$ 118	\$ (5)	\$ 22	\$ (70)	\$ 796
Mark-to-market	—	—	—	—	—	—	—	—	(32)	(32)
Project K and cost reduction activities	(21)	(19)	(2)	(29)	(71)	(44)	(1)	(8)	(34)	(158)
Other costs impacting comparability	—	67	—	—	67	—	—	—	—	67
Acquisitions/divestitures and integration costs	—	—	—	—	—	(8)	—	(2)	(1)	(11)
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	—	(102)	—	(1)	(103)
Comparable	\$ 279	\$ 192	\$ 139	\$ 125	\$ 735	\$ 170	\$ 98	\$ 32	\$ (2)	\$ 1,033

% change - 2016 vs. 2015:

Reported growth	21.1%	(36.7)%	6.5 %	(3.5)%	(3.8)%	16.5 %	929.1 %	28.5 %	64.3 %	11.5 %
Mark-to-market	—%	—%	—%	—%	—%	—%	—%	—%	18.3 %	3.8 %
Project K and cost reduction activities	5.7%	(16.1)%	(1.1)%	11.8 %	(1.4)%	14.2 %	(372.8)%	21.1 %	234.9 %	4.6 %
Other costs impacting comparability	—%	(27.4)%	—%	—%	(8.9)%	—%	—%	—%	—%	(7.4)%
Acquisitions/divestitures and integration costs	—%	—%	—%	(0.2)%	—%	5.5 %	(138.3)%	5.0 %	172.7 %	1.4 %
Differences in shipping days	—%	—%	—%	—%	—%	0.3 %	—%	—%	—%	0.1 %
Venezuela remeasurement	—%	—%	—%	—%	—%	—%	1,479.1 %	—%	276.1 %	9.5 %
Comparable growth	15.4%	6.8 %	7.6 %	(15.1)%	6.5 %	(3.5)%	(38.9)%	2.4 %	(637.7)%	(0.5)%
Foreign currency impact	0.1%	—%	—%	(2.0)%	(0.3)%	(5.6)%	(242.2)%	(0.9)%	435.0 %	(23.5)%
Currency-neutral comparable growth	15.3%	6.8 %	7.6 %	(13.1)%	6.8 %	2.1 %	203.3 %	3.3 %	(1,072.7)%	23.0 %

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Operating Margin to Currency-Neutral Comparable Operating Margin

Exhibit 10

	Year-to-date period ended July 2, 2016											Year-to-date period ended July 4, 2015	
	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated		Kellogg Consolidated	
	<i>Basis points change</i>											%	%
Reported	3.9	(4.9)	0.8	0.3	(0.2)	1.8	11.7	1.7	—	2.0	13.3 %	(3.3)	11.3 %
Mark-to-market	—	—	—	—	—	—	—	—	—	0.4	(0.1)%	(1.9)	(0.5)%
Project K and cost reduction activities	0.7	(2.2)	(0.3)	1.7	(0.2)	1.2	(0.8)	1.0	—	0.3	(1.9)%	(0.5)	(2.2)%
Other costs impacting comparability	—	(3.9)	—	—	(1.4)	—	—	—	—	(0.9)	— %	0.9	0.9 %
Acquisitions/divestitures and integration costs	—	—	—	—	—	0.5	—	0.3	—	0.2	— %	—	(0.2)%
Venezuela remeasurement	—	—	—	—	—	—	13.0	—	—	1.2	(0.2)%	(1.4)	(1.4)%
Comparable	3.2	1.2	1.1	(1.4)	1.4	0.1	(0.5)	0.4	—	0.8	15.5 %	(0.4)	14.7 %
Foreign currency impact	—	—	—	(0.1)	—	(0.2)	(8.4)	0.3	—	(1.2)	(1.2)%	0.2	0.2 %
Currency-neutral comparable	3.2	1.2	1.1	(1.3)	1.4	0.3	7.9	0.1	—	2.0	16.7 %	(0.6)	14.5 %

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Effective Tax Rate to Comparable Effective Tax Rate

Exhibit 11

	Quarter ended		Year-to-date period ended	
	July 2, 2016	July 4, 2015	July 2, 2016	July 4, 2015
Reported effective tax rate	27.4 %	27.6 %	25.2 %	26.4 %
Mark-to-market	0.5 %	1.1 %	0.5 %	0.1 %
Project K and cost reduction activities	(1.0)%	(0.5)%	(0.2)%	(0.7)%
Other costs impacting comparability	— %	(7.4)%	(1.7)%	(1.9)%
Acquisitions/divestitures and integration costs	— %	0.3 %	(0.2)%	0.1 %
Venezuela remeasurement	0.3 %	7.2 %	0.3 %	2.6 %
Comparable effective tax rate	27.6 %	26.9 %	26.4 %	26.1 %

Kellogg Company and Subsidiaries
Project K and cost reduction activities
(Pre-tax millions)

Exhibit 12

	Quarter ended July 2, 2016				Year-to-date period ended July 2, 2016			
	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total
2016								
U.S. Morning Foods	\$ —	\$ 1	\$ 3	\$ 4	\$ —	\$ 1	\$ 8	\$ 9
U.S. Snacks	—	24	10	34	—	31	23	54
U.S. Specialty	—	—	1	1	—	—	3	3
North America Other	—	3	1	4	—	8	5	13
Europe	—	7	7	14	—	13	15	28
Latin America	—	—	4	4	—	—	4	4
Asia Pacific	—	1	3	4	—	1	3	4
Corporate	—	—	7	7	—	—	9	9
Total	\$ —	\$ 36	\$ 36	\$ 72	\$ —	\$ 54	\$ 70	\$ 124
	Quarter ended July 4, 2015				Year-to-date period ended July 4, 2015			
	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total
2015								
U.S. Morning Foods	\$ —	\$ 11	\$ 2	\$ 13	\$ —	\$ 16	\$ 5	\$ 21
U.S. Snacks	—	8	2	10	—	13	6	19
U.S. Specialty	—	—	1	1	—	—	2	2
North America Other	—	23	—	23	2	25	2	29
Europe	—	20	5	25	—	36	8	44
Latin America	—	1	—	1	—	1	—	1
Asia Pacific	—	2	1	3	—	6	2	8
Corporate	—	—	14	14	—	—	34	34
Total	\$ —	\$ 65	\$ 25	\$ 90	\$ 2	\$ 97	\$ 59	\$ 158

Kellogg Company and Subsidiaries
Acquisitions/divestitures and integration costs
(Pre-tax millions)

Exhibit 13

	Quarter ended July 2, 2016				Year-to-date period ended July 2, 2016			
	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total
	2016							
North America Other	\$ —	\$ (1)	\$ 1	\$ —	\$ (1)	\$ —	\$ 1	\$ —
Europe	(5)	4	—	(1)	(19)	15	3	(1)
Asia Pacific	—	—	—	—	—	—	—	—
Corporate	—	—	—	—	—	—	—	—
Total	\$ (5)	\$ 3	\$ 1	\$ (1)	\$ (20)	\$ 15	\$ 4	\$ (1)
	Quarter ended July 4, 2015				Year-to-date period ended July 4, 2015			
	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total
2015								
North America Other	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Europe	—	2	1	3	—	5	3	8
Asia Pacific	(8)	6	1	(1)	(8)	9	1	2
Corporate	—	—	1	1	—	—	1	1
Total	\$ (8)	\$ 8	\$ 3	\$ 3	\$ (8)	\$ 14	\$ 5	\$ 11

Kellogg Company and Subsidiaries
Venezuela remeasurement
(Pre-tax millions)

Exhibit 14

	Quarter ended July 2, 2016				Year-to-date period ended July 2, 2016			
	Cost of goods sold	Selling, general and administrative expense	Other (income) expense	Total	Cost of goods sold	Selling, general and administrative expense	Other (income) expense	Total
2016								
Latin America	\$ 7	\$ —	\$ (2)	\$ 5	\$ 12	\$ 1	\$ (2)	\$ 11
Corporate	—	—	—	—	—	—	—	—
Total	\$ 7	\$ —	\$ (2)	\$ 5	\$ 12	\$ 1	\$ (2)	\$ 11
	Quarter ended July 4, 2015				Year-to-date period ended July 4, 2015			
	Cost of goods sold	Selling, general and administrative expense	Other (income) expense	Total	Cost of goods sold	Selling, general and administrative expense	Other (income) expense	Total
2015								
Latin America	\$ 99	\$ 3	\$ 10	\$ 112	\$ 99	\$ 3	\$ 10	\$ 112
Corporate	1	—	39	40	1	—	39	40
Total	\$ 100	\$ 3	\$ 49	\$ 152	\$ 100	\$ 3	\$ 49	\$ 152

Reconciliation of Non-GAAP Amounts - Reported Cash Flow to Kellogg Defined Cash Flow

Exhibit 15

(millions)	Year-to-date period ended	
	July 2, 2016	July 4, 2015
Operating activities		
Net Income	\$ 455	\$ 449
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	251	269
Postretirement benefit plan expense (benefit)	(56)	(41)
Deferred income taxes	7	(11)
Stock compensation	30	21
Venezuela remeasurement	11	152
Variable-interest entity impairment	—	(49)
Other	—	35
Postretirement benefit plan contributions	(23)	(17)
Changes in operating assets and liabilities, net of acquisitions	(27)	(227)
Net cash provided by (used in) operating activities	648	581
Less:		
Additions to properties	(249)	(258)
Cash flow (operating cash flow less property additions) (a)	\$ 399	\$ 323

(a) Cash flow is defined as net cash provided by operating activities less capital expenditures. We use this non-GAAP financial measure to focus management and investors on the amount of cash available for debt repayment, dividend distributions, acquisition opportunities and share repurchase.

Reconciliation of Non-GAAP amounts - 2016 Full Year Guidance*

Exhibit 16

	Net sales	Operating profit	Effective tax rate	EPS
Currency-Neutral Comparable Guidance	4.0% - 6.0%	15.0% - 17.0%		\$4.11 - \$4.18
Foreign currency impact	(7.8%)	(13.8%)		(\$.53)
Comparable Guidance	(1.8%) - (3.8%)	1.2% - 3.2%	27%	\$3.58 - \$3.65
Impact of certain items that are excluded from Non-GAAP guidance:				
Project K and cost reduction activities	-	5.9% - 9.5%	-	(\$.70) - (\$.56)
Other costs impacting comparability	-	(3.9%) - (4.0%)	(1%)	(\$.43)
Integration costs	-	1.0% - 1.3%	-	(\$.04) - (\$.03)
Income tax benefit applicable to adjustments, net**				\$0.36 - \$0.32

* 2016 full year guidance for net sales, operating profit, and earnings per share are provided on a non-GAAP, comparable and currency-neutral comparable basis only because certain information necessary to calculate such measures on a GAAP basis is unavailable, dependent on future events outside of our control and cannot be predicted without unreasonable efforts by the Company. The Company is providing quantification of known adjustment items where available.

** Represents the estimated income tax effect on the reconciling items, using weighted-average statutory tax rates, depending upon the applicable jurisdiction.

Reconciliation of Non-GAAP amounts - Cash Flow Guidance (millions)

	Full Year 2016
Net cash provided by (used in) operating activities	Approx. \$1,675
Additions to properties	(\$525) - (\$625)
Cash Flow	Approx. \$1,100

Exhibit 17 - Significant items impacting comparability (Page 1 of 4)

Significant items impacting comparability

Project K and cost reduction activities

During 2013, we announced Project K, a four-year efficiency and effectiveness program. The program is expected to generate a significant amount of savings that may be invested in key strategic areas of focus for the business. We expect that this investment will drive future growth in revenues, gross margin, operating profit, and cash flow. We recorded pre-tax charges related to this program of \$60 million and \$107 million for the quarter and year-to-date periods ended July 2, 2016, respectively. We also recorded charges of \$90 million and \$158 million for the quarter and year-to-date periods ended July 4, 2015, respectively.

In 2015 we initiated the implementation of a Zero-Based Budgeting (ZBB) program in our North America business. During 2016 ZBB is being expanded to include the international segments of the business. In support of the ZBB initiative, we incurred pre-tax charges of \$12 million and \$17 million for the quarter and year-to-date periods ended July 2, 2016.

Acquisitions

In September 2015, we completed the acquisition of Mass Foods, Egypt's leading cereal company for \$46 million, or \$44 million net of cash and cash equivalents acquired. In our European reportable segment, for the quarter ended July 2, 2016 the acquisition added \$5 million in net sales and less than \$1 million of operating profit (before integration costs) that impacted the comparability of our reported results. For the year-to-date period ended July 2, 2016 the acquisition added \$10 million in net sales and approximately \$1 million in operating profit (before integration costs) that impacted comparability of our reported results.

In January 2015, we completed the acquisition of a majority interest in Bisco Misr, the number one packaged biscuits company in Egypt for \$125 million, or \$117 million net of cash and cash equivalents acquired. The quarter ended April 2, 2016 represented the final reporting period in which year-over-year comparability was impacted for this acquisition. In our European reportable segment, the acquisition added \$9 million in net sales and less than \$1 million of operating profit (before integration costs) that impacted the comparability of our reported results for the year-to-date period ended July 2, 2016.

Exhibit 17 - Significant items impacting comparability (Page 2 of 4)

Integration costs

We have incurred integration costs related to the integration of the 2015 acquisitions of Bisco Misr and Mass Foods, the 2015 entry into a joint venture with Tolaram Africa, and the 2012 acquisition of Pringles (integration completed in 2015) as we move these businesses into the Kellogg business model. We recorded pre-tax integration costs that were less than \$1 million and approximately \$1 million for the quarter and year-to-date periods ended July 2, 2016, respectively. We also recorded integration costs of \$6 million and \$14 million for the quarter and year-to-date periods ended July 4, 2015, respectively.

Mark-to-market accounting for pension plans, commodities and certain foreign currency contracts

We recognize mark-to-market adjustments for pension plans, commodity contracts, and certain foreign currency contracts as incurred. Actuarial gains/losses for pension plans are recognized in the year they occur. Changes between contract and market prices for commodities contracts and certain foreign currency contracts result in gains/losses that are recognized in the quarter they occur. We recorded a pre-tax mark-to-market benefit of \$20 million and a pre-tax mark-to-market charge of \$4 million for the quarter and year-to-date periods ended July 2, 2016, respectively. We also recorded a pre-tax mark-to-market benefit of \$35 million and a pre-tax mark-to-market charge of \$32 million for the quarter and year-to-date periods ended July 4, 2015, respectively.

Other costs impacting comparability

During the quarter ended April 2, 2016, we redeemed \$475 million of our 7.45% U.S. Dollar Debentures due 2031. During that same quarter, in connection with the debt redemption, we incurred \$153 million of interest expense, consisting primarily of a premium on the tender offer and also including accelerated losses on pre-issuance interest rate hedges, acceleration of fees and debt discount on the redeemed debt and fees related to the tender offer.

During the quarter ended July 4, 2015, a series of previously executed agreements between Kellogg's and a third party variable interest entity (VIE) were terminated resulting in our determination that we were no longer the primary beneficiary of the VIE. Accordingly, we deconsolidated the financial statements of the VIE as of the end of the quarter. As a result of the agreement terminations and related settlements, we recognized a gain of \$6 million in Other income (expense), net during the quarter. This gain, in combination with a related \$25 million charge that was recorded during the quarter ended April 4, 2015, resulted in a net loss of \$19 million in Other income (expense), net for the year-to-date period ended July 4, 2015.

In connection with the deconsolidation that occurred during the quarter, we derecognized all assets and liabilities of the VIE, including an allocation of a portion of goodwill from the U.S. Snacks operating segment, resulting in a \$67 million non-cash gain, which was recorded within operating profit.

Exhibit 17 - Significant items impacting comparability (Page 3 of 4)

Venezuela remeasurement

During 2015 we experienced an increase in the amount of time it takes to exchange bolivars for U.S. dollars through the DIPRO (formerly CENCOEX) exchange. Due to this reduced availability of U.S. dollars and upon review of U.S. dollar cash needs in our Venezuela operations as of the quarter ended July 4, 2015, we concluded that we were no longer able to obtain sufficient U.S. dollars on a timely basis through the DIPRO exchange resulting in a decision to remeasure our Venezuela subsidiary's financial statements using the DICOM (formerly SIMADI) rate. In connection with the change in rates, we evaluated the carrying value of our non-monetary assets for impairment and lower of cost or market adjustments. As a result of moving from the CENCOEX official rate to the SIMADI rate, we recorded pre-tax charges totaling \$152 million in the quarter ended July 4, 2015, including \$112 million in the Latin America operating segment and \$40 million in the Corporate operating segment. Of the total charges, \$100 million was recorded in COGS, \$3 million was recorded in SGA, and \$49 million was recorded in Other income (expense), net. These charges consisted of \$47 million related to the remeasurement of net monetary assets denominated in Venezuelan bolivar at the SIMADI exchange rate (recorded in Other income (expense), net), \$56 million related to reducing inventory to the lower of cost or market (recorded in COGS) and \$49 million related to the impairment of long-lived assets in Venezuela (recorded primarily in COGS).

We have evaluated all of the facts and circumstances surrounding our Venezuelan business and determined that as of July 2, 2016 the DICOM rate continues to be the appropriate rate to use for remeasuring our Venezuelan subsidiary's financial statements.

Following the change to the SIMADI rate as of July 4, 2015, certain non-monetary assets related to our Venezuelan subsidiary continued to be remeasured at historical exchange rates. As these assets were utilized by our Venezuelan subsidiary during the second half of 2015 and first quarter of 2016 they were recognized in the income statement at historical exchange rates resulting in an unfavorable impact. We experienced an unfavorable pre-tax impact of approximately \$4 million in the year-to-date period ended July 2, 2016 related to the utilization of these remaining non-monetary assets.

Additionally, with the introduction of the new DICOM floating rate in February 2016 we experienced an unfavorable pre-tax impact of approximately \$5 million and \$7 million in the quarter and year-to-date periods ended July 2, 2016 related to the utilization of non-monetary assets. These non-monetary assets were recognized in the income statement at historical exchange rates and primarily impacted COGS.

Exhibit 17 - Significant items impacting comparability (Page 4 of 4)

Foreign currency translation and the impact of Venezuela

We evaluate the operating results of our business on a currency-neutral basis. We determine currency-neutral operating results by dividing or multiplying, as appropriate, the current-period local currency operating results by the currency exchange rates used to translate our financial statements in the comparable prior-year period to determine what the current period U.S. dollar operating results would have been if the currency exchange rate had not changed from the comparable prior-year period.

As a result of our decision to change the exchange rate that we use to remeasure our Venezuela subsidiary from DIPRO (formerly CENCOEX) to the DICOM (formerly SIMADI) exchange rate beginning mid-2015, the methodology we use to calculate the impact of foreign currency translation, as described above, results in certain key performance metrics that are difficult to interpret when Venezuela is included in the financial results. The impact of this change in Venezuela exchange rates on year-over-year performance metrics is anticipated to be most significant for the four quarters ended July 2, 2016. During this four-quarter transitional period, to provide additional visibility to our business performance, we have also included key performance metrics excluding our Venezuela business. We believe the use of our standard currency-neutral methodology in combination with the additional visibility provided by excluding Venezuela from our key performance metrics provides important information to more fully understand currency-neutral operating results during this four-quarter transition.