

## Appendix 1

### Reconciliation of Kellogg-Defined Cash Flow to GAAP Cash Flow<sup>(a)</sup>

(unaudited)	Year-to-date period ended	
	June 29, 2013	June 30, 2012
<b>Operating activities</b>		
Net income	\$663	\$675
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	226	194
Postretirement benefit plan expense (benefit)	(8)	(10)
Deferred income taxes	9	(32)
Other	60	(20)
Postretirement benefit plan contributions	(36)	(32)
Changes in operating assets and liabilities, net of acquisitions	(209)	(95)
<b>Net cash provided by (used in) operating activities</b>	<b>705</b>	<b>680</b>
<b>Less:</b>		
Additions to properties	(238)	(155)
<b>Cash flow</b>	<b>\$467</b>	<b>\$525</b>

a) Cash flow is defined as net cash provided by operating activities less capital expenditures. The Company uses 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.

## Appendix 2a

### Analysis of Net Sales and Operating Profit Performance

Second quarter of 2013 versus 2012

(dollars in millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North Amer. Other	North America	Europe	Latin America	Asia Pacific	Corp- orate	Consoli- dated
<b>2013 net sales</b>	\$ 863	\$ 917	\$ 272	\$ 388	\$ 2,440	\$ 723	\$ 304	\$ 247	\$ -	\$ 3,714
<b>2012 net sales</b>	\$ 892	\$ 850	\$ 252	\$ 369	\$ 2,363	\$ 613	\$ 274	\$ 224	\$ -	\$ 3,474
% change - 2013 vs. 2012:										
Volume (tonnage) (a)					-1.9%	-2.8%	-2.8%	8.6%	-	-1.6%
Pricing/mix					.3%	2.5%	7.8%	-4.5%	-	1.1%
<b>Subtotal - internal business (b)</b>	<b>-3.3%</b>	<b>-3.2%</b>	<b>1.9%</b>	<b>3.9%</b>	<b>-1.6%</b>	<b>-.3%</b>	<b>5.0%</b>	<b>4.1%</b>	<b>-</b>	<b>-5%</b>
Acquisitions (c)	-%	11.2%	6.2%	2.2%	5.0%	18.4%	6.5%	13.8%	-	8.0%
Dispositions (d)	-%	-%	-%	-%	-%	-%	-%	-1.2%	-	-%
Integration impact (e)	-%	-%	-%	-%	-%	-%	-%	-6.6%	-	-1%
Foreign currency impact	-%	-%	-%	-1.1%	-1%	-2%	-2%	-6.1%	-	-5%
<b>Total change</b>	<b>-3.3%</b>	<b>8.0%</b>	<b>8.1%</b>	<b>5.0%</b>	<b>3.3%</b>	<b>17.9%</b>	<b>11.3%</b>	<b>10.0%</b>	<b>-</b>	<b>6.9%</b>

(dollars in millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North Amer. Other	North America	Europe	Latin America	Asia Pacific	Corp- orate	Consoli- dated
<b>2013 operating profit</b>	\$ 180	\$ 130	\$ 62	\$ 78	\$ 450	\$ 75	\$ 42	\$ 17	\$ (14)	\$ 570
<b>2012 operating profit</b>	\$ 178	\$ 121	\$ 56	\$ 70	\$ 425	\$ 64	\$ 48	\$ 17	\$ (35)	\$ 519
% change - 2013 vs. 2012:										
<b>Internal business (b)</b>	<b>1.9%</b>	<b>-%</b>	<b>2.3%</b>	<b>12.5%</b>	<b>3.2%</b>	<b>1.8%</b>	<b>-8.3%</b>	<b>11.3%</b>	<b>-10.1%</b>	<b>2.1%</b>
Acquisitions (c)	-%	11.9%	8.0%	.2%	4.5%	11.2%	7.6%	6.3%	-11.5%	5.6%
Dispositions (d)	-%	-%	-%	-%	-%	-%	-%	3.4%	-%	.1%
Integration impact (e)	-%	-5.0%	-%	-.1%	-1.5%	6.9%	-.2%	-10.3%	77.4%	3.3%
Foreign currency impact	-%	-%	-%	-1.2%	-.2%	-1.4%	-9.1%	-9.0%	-2.6%	-1.5%
<b>Total change</b>	<b>1.9%</b>	<b>6.9%</b>	<b>10.3%</b>	<b>11.4%</b>	<b>6.0%</b>	<b>18.5%</b>	<b>-10.0%</b>	<b>1.7%</b>	<b>53.2%</b>	<b>9.6%</b>

- The Company measures the volume impact (tonnage) on revenues based on the stated weight of product shipments.
- Internal net sales and operating profit growth for 2013 exclude the impact of acquisitions, divestitures, integration costs and the impact of currency. Internal net sales and operating profit growth are non-GAAP financial measures which are reconciled to the directly comparable measures in accordance with U.S. GAAP within these tables.
- Impact of results for the quarters ended June 29, 2013 and June 30, 2012 from the acquisition of Pringles.
- Impact of results for the quarter ended June 29, 2013 from the divestiture of the China cereal business.
- Includes impact of integration costs associated with the Pringles acquisition.

## Appendix 2b

### Analysis of Net Sales and Operating Profit Performance

Year-to-date 2013 versus 2012

(dollars in millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North Amer. Other	North America	Europe	Latin America	Asia Pacific	Corp- orate	Consoli- dated
<b>2013 net sales</b>	\$ 1,774	\$ 1,818	\$ 651	\$ 791	\$ 5,034	\$ 1,415	\$ 612	\$ 514	\$ -	\$ 7,575
<b>2012 net sales</b>	\$ 1,789	\$ 1,636	\$ 600	\$ 737	\$ 4,762	\$ 1,151	\$ 544	\$ 457	\$ -	\$ 6,914
% change - 2013 vs. 2012:										
Volume (tonnage) (a)					-0.3%	-0.7%	-1.3%	6.8%	-	-0.1%
Pricing/mix					0.4%	1.8%	7.5%	-4.6%	-	0.9%
<b>Subtotal - internal business (b)</b>	-0.8%	-2.5%	2.8%	5.7%	0.1%	1.1%	6.2%	2.2%	-	0.8%
Acquisitions (c)	-	13.6%	5.7%	2.7%	5.8%	22.6%	7.6%	17.4%	-	9.5%
Dispositions (d)	-	-	-	-	-	-	-	-1.4%	-	-0.1%
Integration impact (e)	-	-	-	-0.1%	-	-	-	-0.5%	-	-
Foreign currency impact	-	-	-	-0.9%	-0.2%	-0.8%	-1.3%	-5.3%	-	-0.6%
<b>Total change</b>	-0.8%	11.1%	8.5%	7.4%	5.7%	22.9%	12.5%	12.4%	-	9.6%

(dollars in millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North Amer. Other	North America	Europe	Latin America	Asia Pacific	Corp- orate	Consoli- dated
<b>2013 operating profit</b>	\$ 343	\$ 236	\$ 140	\$ 153	\$ 872	\$ 146	\$ 90	\$ 38	\$ (73)	\$ 1,073
<b>2012 operating profit</b>	\$ 331	\$ 244	\$ 127	\$ 140	\$ 842	\$ 134	\$ 99	\$ 50	\$ (79)	\$ 1,046
% change - 2013 vs. 2012:										
<b>Internal business (b)</b>	3.8%	-12.8%	4.6%	8.5%	-0.1%	0.9%	-6.9%	-15.5%	-17.9%	-2.3%
Acquisitions (c)	-	13.6%	6.1%	2.1%	5.2%	12.7%	6.9%	12.2%	-4.7%	6.7%
Dispositions (d)	-	-	-	-	-	-	-	-1.4%	-	-0.1%
Integration impact (e)	-	-4.0%	-	-0.7%	-1.3%	-2.6%	-0.3%	-13.3%	28.6%	-0.4%
Foreign currency impact	-0.1%	-	-	-1.0%	-0.2%	-1.6%	-8.3%	-5.5%	-1.2%	-1.4%
<b>Total change</b>	3.7%	-3.2%	10.7%	8.9%	3.6%	9.4%	-8.6%	-23.5%	4.8%	2.5%

- The Company measures the volume impact (tonnage) on revenues based on the stated weight of product shipments.
- Internal net sales and operating profit growth for 2013 exclude the impact of acquisitions, divestitures, integration costs and the impact of currency. Internal net sales and operating profit growth are non-GAAP financial measures which are reconciled to the directly comparable measures in accordance with U.S. GAAP within these tables.
- Impact of results for the year-to-date periods ended June 29, 2013 and June 30, 2012 from the acquisition of Pringles.
- Impact of results for the year-to-date period ended June 29, 2013 from the divestiture of the China cereal and snacks businesses.
- Includes impact of integration costs associated with the Pringles acquisition.

## Appendix 3

### Reconciliation of Non-GAAP Amounts – Reported Operating Profit Growth to Underlying Internal Operating Profit Growth

	Quarter ended June 29, 2013	Year-to-date period ended June 29, 2013
<b>Reported Operating Profit Growth<sup>(d)</sup></b>	9.6%	2.5%
Acquisitions/Dispositions	5.7%	6.6%
Integration costs	3.3%	-0.4%
Foreign currency	-1.5%	-1.4%
<b>Internal Operating Profit Growth<sup>(a)</sup></b>	2.1%	-2.3%
Mark-to-market <sup>(b), (d)</sup>	-1.3%	-1.0%
<b>Underlying Internal Operating Profit Growth<sup>(c)</sup></b>	3.4%	-1.3%

- (a) Internal operating profit growth excludes the impact of foreign currency, and, if applicable, acquisitions, dispositions, and transaction and integration costs associated with the acquisition of Pringles. The Company believes the use of this non-GAAP measure provides increased transparency and assists in understanding underlying operating performance. This non-GAAP measure is reconciled to the directly comparable measure in accordance with U.S. GAAP within this table.
- (b) Includes mark-to-market adjustments for pension plans and commodity contracts as reflected in cost of goods sold. Actuarial gains/losses for pension plans are recognized in the year they occur. In 2012, asset returns exceeded expectations by \$211 million but discount rates fell almost 100 basis points for pension plans resulting in an unfavorable mark-to-market adjustment recorded in earnings in the fourth quarter of 2012. A portion of the 2012 pension mark-to-market adjustment was capitalized as an inventoriable cost at the end of 2012. This amount has been recorded in earnings in the first quarter of 2013. During the second quarter of 2013 there were no pension mark-to-market adjustments recorded to earnings. Mark-to-market adjustments for commodities reflect the changes in the fair value of contracts for the difference between contract and market prices for the underlying commodities. The resulting gains/losses are recognized in the quarter they occur.
- (c) Underlying internal operating profit growth excludes the impact of foreign currency translation, pension and commodity mark-to-market adjustments, and, if applicable, acquisitions, dispositions, and transaction and integration costs associated with the acquisition of Pringles. The Company believes the use of this non-GAAP measure provides increased transparency and assists in understanding underlying operating performance. This non-GAAP measure is reconciled to the directly comparable measure in accordance with U.S. GAAP within this table.
- (d) Underlying reported operating profit growth is reconciled to the directly comparable measure in accordance with U.S. GAAP within this table.

	Quarter ended June 29, 2013	Year-to-date period ended June 29, 2013
<b>Reported Operating Profit Growth</b>	9.6%	2.5%
Mark-to-market	-1.3%	-1.0%
<b>Underlying Reported Operating Profit Growth</b>	10.9%	3.5%



## Appendix 4

### Reconciliation of Non-GAAP Amounts – Reported Operating Profit to Comparable Operating Profit

	Quarter ended		Year-to-date period ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
<b>Reported Operating Profit</b>	\$ 570	\$ 519	\$ 1,073	\$ 1,046
Mark-to-market <sup>(a)</sup>	(7)	-	(61)	(50)
<b>Underlying Operating Profit<sup>(b)</sup></b>	\$ 577	\$ 519	\$ 1,134	\$ 1,096
Pringles integration costs	(16)	(31)	(36)	(31)
<b>Comparable Operating Profit<sup>(c)</sup></b>	\$ 593	\$ 550	\$ 1,170	\$ 1,127

- (a) Includes mark-to-market adjustments for pension plans and commodity contracts as reflected in cost of goods sold. Actuarial gains/losses for pension plans are recognized in the year they occur. In 2012, asset returns exceeded expectations by \$211 million but discount rates fell almost 100 basis points for pension plans resulting in an unfavorable mark-to-market adjustment recorded in earnings in the fourth quarter of 2012. A portion of the 2012 pension mark-to-market adjustment was capitalized as an inventoriable cost at the end of 2012. This amount has been recorded in earnings in the first quarter of 2013. During the second quarter of 2013 there were no pension mark-to-market adjustments recorded to earnings. In 2011, asset returns were lower than expected by \$471 million and discount rates declined resulting in an unfavorable mark-to-market adjustment recorded in earnings in the fourth quarter of 2011. A portion of the 2011 pension mark-to-market adjustment was capitalized as an inventoriable cost at the end of 2011. This amount was recorded in earnings in the first quarter of 2012. During the second quarter of 2012, there were no pension mark-to-market adjustments recorded in earnings. Mark-to-market adjustments for commodities reflect the changes in the fair value of contracts for the difference between contract and market prices for the underlying commodities. The resulting gains/losses are recognized in the quarter they occur.
- (b) Underlying Operating Profit excludes the impact of mark-to-market adjustments on pension plans and commodity contracts. The Company believes the use of this non-GAAP measure provides increased transparency and assists in understanding underlying operating performance. This non-GAAP measure is reconciled to the directly comparable measure in accordance with U.S. GAAP within this table. Underlying operating profit for the quarters ended June 29, 2013 and June 30, 2012 includes postretirement benefit plan expense (income) of (\$4) million and (\$5) million, respectively. Underlying operating profit for the year-to-date periods ended June 29, 2013 and June 30, 2012 includes postretirement benefit plan expense (income) of (\$8) million and (\$10) million, respectively.
- (c) Comparable Operating Profit is a non-GAAP measure that excludes the impact of mark-to-market adjustments on pension plans and commodity contracts, and the impact of integration costs related to the acquisition of the Pringles business.



## Appendix 5

### Reconciliation of Non-GAAP Amounts – Reported EPS to Comparable EPS

	Quarter ended			Year-to-date period ended		
	June 29, 2013	June 30, 2012	Change vs. prior year	June 29, 2013	June 30, 2012	Change vs. prior year
<b>Reported EPS</b>	\$ 0.96	\$ 0.90	6.7%	\$ 1.81	\$ 1.88	-3.7%
Mark-to-market <sup>(a)</sup>	(0.01)	-	-1.1%	(0.11)	(0.10)	-0.7%
<b>Underlying EPS<sup>(b)</sup></b>	\$ 0.97	\$ 0.90	7.8%	\$ 1.92	\$ 1.98	-3.0%
Pringles Integration costs (net of one-time benefits)	(0.03)	(0.05)	2.5%	(0.07)	-	-3.5%
<b>Comparable EPS<sup>(c)</sup></b>	\$ 1.00	\$ 0.95	5.3%	\$ 1.99	\$ 1.98	0.5%

- (a) Includes mark-to-market adjustments for pension plans and commodity contracts as reflected in cost of goods sold. Actuarial gains/losses for pension plans are recognized in the year they occur. In 2012, asset returns exceeded expectations by \$211 million but discount rates fell almost 100 basis points for pension plans resulting in an unfavorable mark-to-market adjustment recorded in earnings in the fourth quarter of 2012. A portion of the 2012 pension mark-to-market adjustment was capitalized as an inventoriable cost at the end of 2012. This amount has been recorded in earnings in the first quarter of 2013. During the second quarter of 2013 there were no pension mark-to-market adjustments recorded to earnings. In 2011, asset returns were lower than expected by \$471 million and discount rates declined resulting in an unfavorable mark-to-market adjustment recorded in earnings in the fourth quarter of 2011. A portion of the 2011 pension mark-to-market adjustment was capitalized as an inventoriable cost at the end of 2011. This amount was recorded in earnings in the first quarter of 2012. During the second quarter of 2012, there were no pension mark-to-market adjustments recorded in earnings. Mark-to-market adjustments for commodities reflect the changes in the fair value of contracts for the difference between contract and market prices for the underlying commodities. The resulting gains/losses are recognized in the quarter they occur.
- (b) Underlying EPS is a non-GAAP measure that excludes the impact of pension and commodity mark-to-market adjustments.
- (c) Comparable EPS is a non-GAAP measure that excludes the impact of mark-to-market adjustments on pension plans and commodity contracts, and the impact of integration costs net of one-time benefits related to the acquisition of the Pringles business. One-time benefits in the first quarter of 2012 consisted of a gain on transaction-related hedging. Second quarter 2012 net one-time benefits included foreign exchange and tax rate benefits which were partially offset by a loss on transaction-related hedging.

## Appendix 6a

### Recast Segment Data

2012 (millions)	Quarter ended				Year-to-date period ended		
	March 31, 2012	June 30, 2012	September 29, 2012	December 29, 2012	June 30, 2012	September 29, 2012	December 29, 2012
<b>Net Sales (Recast*)</b>							
U.S. Morning Foods	\$ 897	\$ 892	\$ 903	\$ 841	\$ 1,789	\$ 2,692	\$ 3,533
U.S. Snacks	786	850	908	856	1,636	2,544	3,400
U.S. Specialty	348	252	264	257	600	864	1,121
North America Other	368	369	388	360	737	1,125	1,485
North America Total	2,399	2,363	2,463	2,314	4,762	7,225	9,539
Europe	538	613	685	691	1,151	1,836	2,527
Latin America	270	274	292	285	544	836	1,121
Asia Pacific	233	224	280	273	457	737	1,010
Consolidated	\$ 3,440	\$ 3,474	\$ 3,720	\$ 3,563	\$ 6,914	\$ 10,634	\$ 14,197
<b>Operating Profit (Recast*)</b>							
U.S. Morning Foods	\$ 153	\$ 178	\$ 134	\$ 123	\$ 331	\$ 465	\$ 588
U.S. Snacks	123	121	117	115	244	361	476
U.S. Specialty	71	56	62	52	127	189	241
North America Other	70	70	67	58	140	207	265
North America Total	417	425	380	348	842	1,222	1,570
Europe	70	64	76	51	134	210	261
Latin America	51	48	36	32	99	135	167
Asia Pacific	33	17	29	6	50	79	85
Total Reportable Segments	571	554	521	437	1,125	1,646	2,083
Corporate	(44)	(35)	(8)	(434)	(79)	(87)	(521)
Consolidated	\$ 527	\$ 519	\$ 513	\$ 3	\$ 1,046	\$ 1,559	\$ 1,562

\* During the first quarter of 2013, the Kashi operating segment was eliminated. The Kashi financial results have been recast between U.S. Morning Foods and U.S. Snacks.

## Appendix 6b

### Segment Data as Originally Reported

2012 (millions)	Quarter ended				Year-to-date period ended		
	March 31, 2012	June 30, 2012	September 29, 2012	December 29, 2012	June 30, 2012	September 29, 2012	December 29, 2012
<b>Net Sales (As originally reported)</b>							
U.S. Morning Foods & Kashi	\$ 941	\$ 939	\$ 946	\$ 881	\$ 1,880	\$ 2,826	\$ 3,707
U.S. Snacks	742	803	865	816	1,545	2,410	3,226
U.S. Specialty	348	252	264	257	600	864	1,121
North America Other	368	369	388	360	737	1,125	1,485
North America Total	2,399	2,363	2,463	2,314	4,762	7,225	9,539
Europe	538	613	685	691	1,151	1,836	2,527
Latin America	270	274	292	285	544	836	1,121
Asia Pacific	233	224	280	273	457	737	1,010
Consolidated	\$ 3,440	\$ 3,474	\$ 3,720	\$ 3,563	\$ 6,914	\$ 10,634	\$ 14,197
<b>Operating Profit (As originally reported)</b>							
U.S. Morning Foods & Kashi	\$ 157	\$ 181	\$ 135	\$ 122	\$ 338	\$ 473	\$ 595
U.S. Snacks	119	118	116	116	237	353	469
U.S. Specialty	71	56	62	52	127	189	241
North America Other	70	70	67	58	140	207	265
North America Total	417	425	380	348	842	1,222	1,570
Europe	70	64	76	51	134	210	261
Latin America	51	48	36	32	99	135	167
Asia Pacific	33	17	29	6	50	79	85
Total Reportable Segments	571	554	521	437	1,125	1,646	2,083
Corporate	(44)	(35)	(8)	(434)	(79)	(87)	(521)
Consolidated	\$ 527	\$ 519	\$ 513	\$ 3	\$ 1,046	\$ 1,559	\$ 1,562