

APPENDICES: Kellogg Company Q4 2016 Financial Results Presentation

February 9, 2017

Exhibit Reconciliation of Non-GAAP Amounts

- 1 Adjustments to Reconcile As Reported Results to Currency-Neutral Comparable Results
- 2 Adjustments to Reconcile As Reported Results to Currency-Neutral Comparable Results
- 3 Reconciliation of Non-GAAP Amounts - Reported Net Sales to Currency-Neutral Comparable Net Sales - QTR
- 4 Reconciliation of Non-GAAP Amounts - Reported Net Sales to Currency-Neutral Comparable Net Sales - YTD
- 5 Reconciliation of Non-GAAP Amounts - Reported Gross Profit to Currency-Neutral Comparable Gross Profit
- 6 Reconciliation of Non-GAAP Amounts - Reported Gross Margin to Currency-Neutral Comparable Gross Margin
- 7 Reconciliation of Non-GAAP Amounts - Reported Operating Profit to Currency-Neutral Comparable Operating Profit - QTR
- 8 Reconciliation of Non-GAAP Amounts - Reported Operating Margin to Currency-Neutral Comparable Operating Margin - QTR
- 9 Reconciliation of Non-GAAP Amounts - Reported Operating Profit to Currency-Neutral Comparable Operating Profit - YTD
- 10 Reconciliation of Non-GAAP Amounts - Reported Operating Margin to Currency-Neutral Comparable Operating Margin - YTD
- 11 Reconciliation of Non-GAAP Amounts - Reported Effective Tax Rate to Comparable Effective Tax Rate
- 12 Reconciliation of Non-GAAP Amounts - Reported Diluted EPS to Currency-Neutral Comparable Diluted EPS
- 13 Reconciliation of Non-GAAP Amounts - Reported Cash Flow to Kellogg Defined Cash Flow
- 14 Recast Comparable Data to be used for 2017 Comparison
- 15 Reconciliation of Non-GAAP Amounts - 2017 Full Year Guidance
- 16 Significant Items Impacting Comparability

Kellogg Company and Subsidiaries
Adjustments to Reconcile As Reported Results to Currency-Neutral Comparable Results
(millions, except per share data)

Exhibit 1

	Quarter ended December 31, 2016				Year ended December 31, 2016			
(Results are unaudited)	Net sales	Cost of goods sold	Selling, general and administrative expense	Operating profit	Net sales	Cost of goods sold	Selling, general and administrative expense	Operating profit
Mark-to-market	\$ —	\$ 147	\$ 79	\$ (226)	\$ —	\$ 159	\$ 102	\$ (261)
Project K and cost reduction activities	—	107	54	(161)	—	173	152	(325)
Other costs impacting comparability	—	—	—	—	—	—	—	—
Integration and transaction costs	—	1	6	(7)	—	2	8	(10)
Acquisitions/divestitures	4	4	2	(2)	31	22	8	1
Shipping day differences	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	12	1	(13)
Foreign currency impact	(80)	(49)	(13)	(18)	(1,073)	(696)	(99)	(278)
Comparable adjustments	\$ (76)	\$ 210	\$ 128	\$ (414)	\$ (1,042)	\$ (328)	\$ 172	\$ (886)

	Quarter ended January 2, 2016				Year ended January 2, 2016			
(Results are unaudited)	Net sales	Cost of goods sold	Selling, general and administrative expense	Operating profit	Net sales	Cost of goods sold	Selling, general and administrative expense	Operating profit
Mark-to-market	\$ —	\$ 236	\$ 151	\$ (387)	\$ —	\$ 296	\$ 150	\$ (446)
Project K and cost reduction activities	—	37	43	(80)	(4)	191	128	(323)
Other costs impacting comparability	—	—	—	—	—	—	(67)	67
Integration and transaction costs	—	3	5	(8)	(1)	14	15	(30)
Acquisitions/divestitures	3	2	1	—	14	9	1	4
Shipping day differences	—	—	—	—	(3)	(3)	—	—
Venezuela remeasurement	—	2	2	(4)	—	112	8	(120)
Comparable adjustments	\$ 3	\$ 280	\$ 202	\$ (479)	\$ 6	\$ 619	\$ 235	\$ (848)

Kellogg Company and Subsidiaries
Adjustments to Reconcile As Reported Results to Currency-Neutral Comparable Results
(millions, except per share data)

Exhibit 2

Quarter ended December 31, 2016

Year ended December 31, 2016

(Results are unaudited)	Interest expense	Income taxes	Net income (loss) attributable to Kellogg Company	Per share amount: Diluted	Interest expense	Income taxes	Net income (loss) attributable to Kellogg Company	Per share amount: Diluted
Mark-to-market	\$ —	\$ —	\$ (226)	\$ (0.64)	\$ —	\$ —	\$ (261)	\$ (0.74)
Project K and cost reduction activities	—	—	(161)	(0.46)	—	—	(325)	(0.92)
Other costs impacting comparability	—	—	—	—	153	—	(153)	(0.43)
Integration and transaction costs	—	—	(10)	(0.02)	—	—	(11)	(0.03)
Venezuela deconsolidation	—	—	(72)	(0.20)	—	—	(72)	(0.20)
Venezuela remeasurement	—	—	—	—	—	—	(11)	(0.03)
Income tax benefit applicable to adjustments, net	—	(92)	92	0.25	—	(201)	201	0.57
Foreign currency impact	(1)	1	(24)	(0.07)	(10)	(69)	(203)	(0.57)
Comparable adjustments	\$ (1)	\$ (91)	\$ (401)	\$ (1.14)	\$ 143	\$ (270)	\$ (835)	\$ (2.35)

Quarter ended January 2, 2016

Year ended January 2, 2016

(Results are unaudited)	Interest expense	Income taxes	Net income (loss) attributable to Kellogg Company	Per share amount: Diluted	Interest expense	Income taxes	Net income (loss) attributable to Kellogg Company	Per share amount: Diluted
Mark-to-market	\$ —	\$ —	\$ (387)	\$ (1.10)	\$ —	\$ —	\$ (446)	\$ (1.25)
Project K and cost reduction activities	—	—	(80)	(0.22)	—	—	(323)	(0.91)
Other costs impacting comparability	—	—	—	—	—	—	48	0.13
Integration and transaction costs	—	—	(7)	(0.02)	—	—	(26)	(0.08)
Venezuela deconsolidation	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	(4)	(0.01)	—	—	(169)	(0.47)
Income tax benefit applicable to adjustments, net	—	(158)	158	0.44	—	(273)	273	0.77
Comparable adjustments	\$ —	\$ (158)	\$ (320)	\$ (0.91)	\$ —	\$ (273)	\$ (643)	\$ (1.81)

Kellogg Company and Subsidiaries
Reconciliation of Non-GAAP Amounts - Reported Net Sales to Currency-Neutral Comparable Net Sales

Exhibit 3

Quarter ended December 31, 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	\$ 704	\$ 767	\$ 283	\$ 376	\$ 2,130	\$ 556	\$ 187	\$ 224	\$ —	\$ 3,097
Integration and transaction costs	—	—	—	—	—	—	—	—	—	—
Acquisitions/divestitures	—	—	—	1	1	3	—	—	—	4
Comparable net sales	\$ 704	\$ 767	\$ 283	\$ 375	\$ 2,129	\$ 553	\$ 187	\$ 224	\$ —	\$ 3,093
Comparable net sales excluding Venezuela							\$ 179			\$ 3,085
Foreign currency impact	—	—	—	—	—	(52)	(33)	5	—	(80)
Currency-neutral comparable net sales	\$ 704	\$ 767	\$ 283	\$ 375	\$ 2,129	\$ 605	\$ 220	\$ 219	\$ —	\$ 3,173
Currency-neutral comparable net sales excluding Venezuela							\$ 194			\$ 3,147

Quarter ended January 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	\$ 712	\$ 750	\$ 269	\$ 389	\$ 2,120	\$ 612	\$ 190	\$ 220	\$ —	\$ 3,142
Integration and transaction costs	—	—	—	—	—	—	—	—	—	—
Acquisitions/divestitures	—	—	—	—	—	—	—	3	—	3
Comparable net sales	\$ 712	\$ 750	\$ 269	\$ 389	\$ 2,120	\$ 612	\$ 190	\$ 217	\$ —	\$ 3,139
Comparable sales excluding Venezuela							\$ 183			\$ 3,132

% change - 2016 vs. 2015:

As reported	(1.1)%	2.3%	5.1%	(3.4)%	0.5 %	(9.1)%	(1.6)%	1.8 %	—%	(1.4)%
Integration and transaction costs	— %	—%	—%	— %	— %	— %	— %	0.2 %	—%	— %
Acquisitions/divestitures	— %	—%	—%	0.2 %	— %	0.5 %	— %	(1.7)%	—%	— %
Comparable growth	(1.1)%	2.3%	5.1%	(3.6)%	0.5 %	(9.6)%	(1.6)%	3.3 %	—%	(1.4)%
Comparable growth excluding Venezuela							(2.5)%			(1.5)%
Foreign currency impact	— %	—%	—%	— %	0.1 %	(8.5)%	(16.9)%	2.1 %	—%	(2.5)%
Currency-neutral comparable growth	(1.1)%	2.3%	5.1%	(3.6)%	0.4 %	(1.1)%	15.3 %	1.2 %	—%	1.1 %
Currency-neutral comparable growth excluding Venezuela							5.0 %			0.5 %
Volume (tonnage)					0.5 %	0.6 %	(2.9)%	2.6 %	—%	0.4 %
Pricing/mix					(0.1)%	(1.7)%	18.2 %	(1.4)%	—%	0.7 %

Kellogg Company and Subsidiaries
Reconciliation of Non-GAAP Amounts - Reported Net Sales to Currency-Neutral Comparable Net Sales

Exhibit 4

Year ended December 31, 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	\$ 2,931	\$ 3,198	\$ 1,214	\$ 1,598	\$ 8,941	\$ 2,377	\$ 780	\$ 916	\$ —	\$ 13,014
Project K and cost reduction activities	—	—	—	—	—	—	—	—	—	—
Integration and transaction costs	—	—	—	—	—	—	—	—	—	—
Acquisitions/divestitures	—	—	—	3	3	28	—	—	—	31
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Comparable net sales	\$ 2,931	\$ 3,198	\$ 1,214	\$ 1,595	\$ 8,938	\$ 2,349	\$ 780	\$ 916	\$ —	\$ 12,983
Comparable net sales excluding Venezuela							\$ 749			\$ 12,952
Foreign currency impact	—	—	—	(14)	(14)	(132)	(922)	(5)	—	(1,073)
Currency-neutral comparable net sales	\$ 2,931	\$ 3,198	\$ 1,214	\$ 1,609	\$ 8,952	\$ 2,481	\$ 1,702	\$ 921	\$ —	\$ 14,056
Currency-neutral comparable net sales excluding Venezuela							\$ 824			\$ 13,178

Year ended January 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	\$ 2,992	\$ 3,234	\$ 1,181	\$ 1,687	\$ 9,094	\$ 2,497	\$ 1,015	\$ 919	\$ —	\$ 13,525
Project K and cost reduction activities	—	—	—	(2)	(2)	(2)	—	—	—	(4)
Integration and transaction costs	—	—	—	—	—	—	—	(1)	—	(1)
Acquisitions/divestitures	—	—	—	—	—	—	—	14	—	14
Differences in shipping days	—	—	—	—	—	(3)	—	—	—	(3)
Comparable net sales	\$ 2,992	\$ 3,234	\$ 1,181	\$ 1,689	\$ 9,096	\$ 2,502	\$ 1,015	\$ 906	—	\$ 13,519
Comparable net sales excluding Venezuela							\$ 818			\$ 13,322

% change - 2016 vs. 2015:

As reported	(2.0)%	(1.1)%	2.8%	(5.3)%	(1.7)%	(4.8)%	(23.1)%	(0.4)%	—%	(3.8)%
Project K and cost reduction activities	—%	—%	—%	0.1%	—%	0.1%	—%	—%	—%	—%
Integration and transaction costs	—%	—%	—%	—%	—%	—%	—%	0.2%	—%	—%
Acquisitions/divestitures	—%	—%	—%	0.2%	—%	1.1%	—%	(1.6)%	—%	0.1%
Differences in shipping days	—%	—%	—%	—%	—%	0.1%	—%	—%	—%	0.1%
Comparable growth	(2.0)%	(1.1)%	2.8%	(5.6)%	(1.7)%	(6.1)%	(23.1)%	1.0%	—%	(4.0)%
Comparable growth excluding Venezuela							(8.4)%			(2.8)%
Foreign currency impact	—%	—%	—%	(0.9)%	(0.1)%	(5.3)%	(90.8)%	(0.6)%	—%	(8.0)%
Currency-neutral comparable growth	(2.0)%	(1.1)%	2.8%	(4.7)%	(1.6)%	(0.8)%	67.7%	1.6%	—%	4.0%
Currency-neutral comparable growth excluding Venezuela							0.7%			(1.1)%
Volume (tonnage)					(1.3)%	0.2%	(4.0)%	2.5%	—%	(0.9)%
Pricing/mix					(0.3)%	(1.0)%	71.7%	(0.9)%	—%	4.9%

Kellogg Company and Subsidiaries

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

Exhibit 5

	Quarter ended		Year ended	
	December 31, 2016	January 2, 2016	December 31, 2016	January 2, 2016
Reported gross profit	\$ 976	\$ 962	\$ 4,755	\$ 4,681
Mark-to-market	(147)	(236)	(159)	(296)
Project K and cost reduction activities	(107)	(37)	(173)	(195)
Integration and transaction costs	(1)	(3)	(2)	(15)
Acquisitions/divestitures	—	1	9	5
Venezuela remeasurement	—	(2)	(12)	(112)
Comparable gross profit	\$ 1,231	\$ 1,239	\$ 5,092	\$ 5,294
Comparable gross profit excluding Venezuela	\$ 1,229	\$ 1,237	\$ 5,081	\$ 5,243
Foreign currency impact	(31)		(377)	
Currency-neutral comparable gross profit	\$ 1,262		\$ 5,469	
Currency-neutral comparable gross profit excluding Venezuela	\$ 1,257		\$ 5,172	

Kellogg Company and Subsidiaries

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

Exhibit 6

	Quarter ended		Year ended	
	December 31, 2016	January 2, 2016	December 31, 2016	January 2, 2016
Reported gross margin	31.5 %	30.6 %	36.5 %	34.6 %
Mark-to-market	(4.8)%	(7.5)%	(1.3)%	(2.2)%
Project K and cost reduction activities	(3.4)%	(1.2)%	(1.3)%	(1.4)%
Integration and transaction costs	— %	(0.1)%	— %	(0.1)%
Acquisitions/divestitures	(0.1)%	— %	— %	— %
Venezuela remeasurement	— %	(0.1)%	(0.1)%	(0.9)%
Comparable gross margin	39.8 %	39.5 %	39.2 %	39.2 %
Comparable gross margin excluding Venezuela	39.8 %	39.5 %	39.2 %	39.4 %
Foreign currency impact	— %		0.3 %	
Currency-neutral comparable gross margin	39.8 %		38.9 %	
Currency-neutral comparable gross margin excluding Venezuela	39.9 %		39.2 %	

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

Exhibit 7

Quarter ended December 31, 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	\$ 136	\$ 94	\$ 65	\$ 46	\$ 341	\$ (11)	\$ 14	\$ 20	\$ (266)	\$ 98
Mark-to-market	—	—	—	—	—	—	—	—	(226)	(226)
Project K and cost reduction activities	(10)	(14)	(4)	(18)	(46)	(92)	(2)	(1)	(20)	(161)
Integration and transaction costs	—	—	—	—	—	(1)	(3)	(3)	—	(7)
Acquisitions/divestitures	—	—	—	(1)	(1)	(1)	—	—	—	(2)
Venezuela remeasurement	—	—	—	—	—	—	—	—	—	—
Comparable	\$ 146	\$ 108	\$ 69	\$ 65	\$ 388	\$ 83	\$ 19	\$ 24	\$ (20)	\$ 494
Comparable excluding Venezuela							\$ 18		\$ (20)	\$ 493
Foreign currency impact	—	—	—	—	—	(13)	(4)	—	(1)	(18)
Currency-Neutral Comparable	\$ 146	\$ 108	\$ 69	\$ 65	\$ 388	\$ 96	\$ 23	\$ 24	\$ (19)	\$ 512
Currency-neutral comparable excluding Venezuela							\$ 19		\$ (18)	\$ 509

Quarter ended January 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	\$ 106	\$ 83	\$ 60	\$ 38	\$ 287	\$ 56	\$ 7	\$ 18	\$ (407)	\$ (39)
Mark-to-market	—	—	—	—	—	—	—	—	(387)	(387)
Project K and cost reduction activities	(7)	(16)	(2)	(23)	(48)	(18)	(2)	(3)	(9)	(80)
Integration and transaction costs	—	—	—	—	—	(3)	(1)	(4)	—	(8)
Acquisitions/divestitures	—	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	—	(4)	—	—	(4)
Comparable	\$ 113	\$ 99	\$ 62	\$ 61	\$ 335	\$ 77	\$ 14	\$ 25	\$ (11)	\$ 440
Comparable excluding Venezuela							\$ 13		\$ (11)	\$ 439

% change - 2016 vs. 2015:

As Reported	27.4 %	12.7%	9.2 %	24.1 %	18.9 %	(119.4)%	121.1 %	7.8 %	34.4 %	353.5 %
Mark-to-market	— %	—%	— %	— %	— %	— %	— %	— %	134.7 %	360.5 %
Project K and cost reduction activities	(1.1)%	3.9%	(3.4)%	17.3 %	3.1 %	(129.7)%	43.2 %	10.0 %	(13.5)%	(20.4)%
Integration and transaction costs	— %	—%	— %	(0.4)%	(0.1)%	2.4 %	0.7 %	2.6 %	1.2 %	0.5 %
Acquisitions/divestitures	— %	—%	— %	(2.0)%	(0.4)%	(0.4)%	— %	(3.8)%	— %	(0.6)%
Venezuela remeasurement	— %	—%	— %	— %	— %	— %	50.2 %	— %	— %	1.1 %
Comparable growth	28.5 %	8.8%	12.6 %	9.2 %	16.3 %	8.3 %	27.0 %	(1.0)%	(88.0)%	12.4 %
Comparable growth excluding Venezuela							26.6 %		(88.9)%	12.3 %
Foreign currency impact	— %	—%	— %	— %	— %	(16.1)%	(25.9)%	2.6 %	(26.9)%	(4.3)%
Currency-Neutral Comparable growth	28.5 %	8.8%	12.6 %	9.2 %	16.3 %	24.4 %	52.9 %	(3.6)%	(61.1)%	16.7 %
Currency-neutral comparable growth excluding Venezuela							34.6 %		(60.8)%	16.0 %

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Operating Margin to Currency-Neutral Comparable Operating Margin Exhibit 8

	Quarter ended December 31, 2016											Quarter ended January 2, 2016			
	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>											<i>%</i>		<i>%</i>	
Reported	4.3	1.1	0.9	2.7	2.5	(11.3)	4.2	0.5	—	4.4	3.2 %	10.8	(1.2)%		
Mark-to-market	—	—	—	—	—	—	—	—	—	5.0	(7.3)%	11.1	(12.3)%		
Project K and cost reduction activities	(0.5)	0.3	(0.7)	1.1	0.1	(13.9)	0.2	0.9	—	(2.7)	(5.2)%	(0.4)	(2.5)%		
Other costs impacting comparability	—	—	—	—	—	—	—	—	—	—	— %	0.2	— %		
Integration and transaction costs	—	—	—	(0.1)	—	0.2	(0.5)	0.3	—	0.1	(0.2)%	0.2	(0.3)%		
Acquisitions/divestitures	—	—	—	(0.4)	(0.1)	(0.1)	—	(0.3)	—	(0.1)	(0.1)%	—	— %		
Differences in shipping days	—	—	—	—	—	—	—	—	—	—	— %	(0.3)	— %		
Venezuela remeasurement	—	—	—	—	—	—	2.2	—	—	0.1	— %	(0.2)	(0.2)%		
Comparable	4.8	0.8	1.6	2.1	2.5	2.5	2.3	(0.4)	—	2.0	16.0 %	0.2	14.1 %		
Comparable excluding Venezuela							2.3			2.0	16.0 %	0.3	14.1 %		
Foreign currency impact	—	—	—	—	—	(0.8)	(0.2)	0.1	—	(0.2)	(0.2)%				
Currency-neutral comparable	4.8	0.8	1.6	2.1	2.5	3.3	2.5	(0.5)	—	2.2	16.2 %				
Currency-neutral comparable excluding Venezuela							2.1			2.2	16.2 %				

Kellogg Company and Subsidiaries

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

Exhibit 9

Year ended December 31, 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	\$ 593	\$ 324	\$ 279	\$ 181	\$ 1,377	\$ 205	\$ 84	\$ 70	\$ (341)	\$ 1,395
Mark-to-market	—	—	—	—	—	—	—	—	(261)	(261)
Project K and cost reduction activities	(23)	(76)	(8)	(38)	(145)	(126)	(8)	(7)	(39)	(325)
Other costs impacting comparability	—	—	—	—	—	—	—	—	—	—
Integration and transaction costs	—	—	—	—	—	(3)	(2)	(3)	(2)	(10)
Acquisitions/divestitures	—	—	—	(1)	(1)	2	—	—	—	1
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	—	(13)	—	—	(13)
Comparable	\$ 616	\$ 400	\$ 287	\$ 220	\$ 1,523	\$ 332	\$ 107	\$ 80	\$ (39)	\$ 2,003
Comparable excluding Venezuela							\$ 98		\$ (39)	\$ 1,994
Foreign currency impact	—	—	—	(2)	(2)	(30)	(250)	2	2	(278)
Currency-Neutral Comparable	\$ 616	\$ 400	\$ 287	\$ 222	\$ 1,525	\$ 362	\$ 357	\$ 78	\$ (41)	\$ 2,281
Currency-neutral comparable excluding Venezuela							\$ 106		\$ (31)	\$ 2,040

Year ended January 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	\$ 474	\$ 385	\$ 260	\$ 178	\$ 1,297	\$ 247	\$ 9	\$ 54	\$ (516)	\$ 1,091
Mark-to-market	—	—	—	—	—	—	—	—	(446)	(446)
Project K and cost reduction activities	(58)	(50)	(5)	(63)	(176)	(74)	(4)	(13)	(56)	(323)
Other costs impacting comparability	—	67	—	—	67	—	—	—	—	67
Integration and transaction costs	—	—	—	—	—	(11)	(3)	(14)	(2)	(30)
Acquisitions/divestitures	—	—	—	—	—	—	—	4	—	4
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	—	(119)	—	(1)	(120)
Comparable	\$ 532	\$ 368	\$ 265	\$ 241	\$ 1,406	\$ 332	\$ 135	\$ 77	\$ (11)	\$ 1,939
Comparable excluding Venezuela							\$ 103		\$ (6)	\$ 1,912

% change - 2016 vs. 2015:

As Reported	25.0%	(15.8)%	7.4 %	1.9 %	6.2 %	(16.9)%	855.2 %	28.9 %	33.8 %	27.8 %
Mark-to-market	—%	—%	—%	—%	—%	—%	—%	—%	48.9 %	20.1 %
Project K and cost reduction activities	9.3%	(7.7)%	(1.4)%	11.0 %	2.8 %	(20.3)%	252.8 %	14.9 %	188.5 %	1.2 %
Other costs impacting comparability	—%	(16.6)%	—%	—%	(4.9)%	—%	—%	—%	—%	(4.0)%
Integration and transaction costs	—%	—%	—%	(0.1)%	—%	2.5 %	95.2 %	15.1 %	46.1 %	1.3 %
Acquisitions/divestitures	—%	—%	—%	(0.6)%	(0.1)%	0.8 %	—%	(6.8)%	—%	(0.3)%
Differences in shipping days	—%	—%	—%	—%	—%	0.2 %	—%	—%	—%	0.1 %
Venezuela remeasurement	—%	—%	—%	—%	—%	—%	527.9 %	—%	31.6 %	6.1 %
Comparable growth	15.7%	8.5 %	8.8 %	(8.4)%	8.4 %	(0.1)%	(20.7)%	5.7 %	(281.3)%	3.3 %
Comparable growth excluding Venezuela							(5.9)%		(573.4)%	4.3 %
Foreign currency impact	—%	—%	—%	(0.9)%	(0.1)%	(9.0)%	(185.6)%	3.8 %	13.2 %	(14.4)%
Currency-Neutral Comparable growth	15.7%	8.5 %	8.8 %	(7.5)%	8.5 %	8.9 %	164.9 %	1.9 %	(294.5)%	17.7 %
Currency-neutral comparable growth excluding Venezuela							2.5 %		(429.9)%	6.7 %

Kellogg Company and Subsidiaries
Reconciliation of Non-GAAP Amounts - Reported Operating Margin to Currency-Neutral Comparable Operating Margin Exhibit 10

	Year ended December 31, 2016											Year ended January 2, 2016		
	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	4.3	(1.8)	1.0	0.8	1.1	(1.3)	9.9	1.8	—	2.6	10.7 %	1.1	8.1 %	
Mark-to-market	—	—	—	—	—	—	—	—	—	1.3	(2.0)%	2.1	(3.3)%	
Project K and cost reduction activities	1.1	(0.8)	(0.3)	1.3	0.3	(2.5)	(0.6)	0.7	—	(0.1)	(2.5)%	(0.4)	(2.4)%	
Other costs impacting comparability	—	(2.1)	—	—	(0.7)	—	—	—	—	(0.5)	— %	0.5	0.5 %	
Integration and transaction costs	—	—	—	—	—	0.4	—	1.2	—	0.1	(0.1)%	0.1	(0.2)%	
Acquisitions/divestitures	—	—	—	(0.1)	—	(0.1)	—	(0.5)	—	—	— %	—	— %	
Venezuela remeasurement	—	—	—	—	—	—	10.1	—	—	0.7	(0.1)%	(0.9)	(0.9)%	
Comparable	3.2	1.1	1.3	(0.4)	1.5	0.9	0.4	0.4	—	1.1	15.4 %	(0.3)	14.4 %	
Comparable excluding Venezuela							0.4			1.0	15.4 %	(0.2)	14.4 %	
Foreign currency impact	—	—	—	—	—	(0.4)	(7.3)	0.3	—	(0.8)	(0.8)%			
Currency-neutral comparable	3.2	1.1	1.3	(0.4)	1.5	1.3	7.7	0.1	—	1.9	16.2 %			
Currency-neutral comparable excluding Venezuela							0.2			1.1	15.5 %			

Kellogg Company and Subsidiaries

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

Exhibit 11

	Quarter ended		Year ended	
	December 31, 2016	January 2, 2016	December 31, 2016	January 2, 2016
Reported Effective Tax Rate	(54.7)%	60.7 %	25.2 %	20.6 %
Mark-to-market	(89.8)%	38.0 %	0.5 %	(4.6)%
Project K and cost reduction activities	4.3 %	(1.8)%	(0.3)%	(0.8)%
Other costs impacting comparability	— %	— %	(0.9)%	(0.9)%
Integration and transaction costs	0.1 %	(0.5)%	— %	(0.2)%
Venezuela deconsolidation	5.1 %	— %	1.0 %	— %
Venezuela remeasurement	— %	0.3 %	0.2 %	1.5 %
Comparable Effective Tax Rate	25.6 %	24.7 %	24.7 %	25.6 %

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Diluted EPS to Currency-Neutral Comparable Diluted EPS

Exhibit 12

	Quarter ended			Year ended		
	December 31, 2016	January 2, 2016	Growth rate	December 31, 2016	January 2, 2016	Growth rate
Reported diluted EPS	\$ (0.15)	\$ (0.12)	(25.0)%	\$ 1.96	\$ 1.72	14.0%
Mark-to-market (pre-tax)	(0.64)	(1.10)		(0.74)	(1.25)	
Project K and cost reduction activities (pre-tax)	(0.46)	(0.22)		(0.92)	(0.91)	
Other costs impacting comparability (pre-tax)	—	—		(0.43)	0.13	
Integration and transaction costs (pre-tax)	(0.02)	(0.02)		(0.03)	(0.08)	
Venezuela deconsolidation (pre-tax)	(0.20)	—		(0.20)	—	
Venezuela remeasurement (pre-tax)	—	(0.01)		(0.03)	(0.47)	
Income tax benefit applicable to adjustments, net*	0.25	0.44		0.57	0.77	
Comparable diluted EPS	\$ 0.92	\$ 0.79	16.5 %	\$ 3.74	\$ 3.53	5.9%
Foreign currency impact	(0.07)			(0.57)		
Currency-neutral comparable diluted EPS	\$ 0.99		25.3 %	\$ 4.31		22.1%

Kellogg Company and Subsidiaries

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

Exhibit 13

(unaudited)	Year ended	
	December 31, 2016	January 2, 2016
Operating Activities		
Net Income	\$ 694	\$ 614
Adjustments to reconcile net income to operating cash flow:		
Depreciation and amortization	517	534
Postretirement benefit plan expense	198	320
Deferred income taxes	(44)	(169)
Stock compensation	63	51
Venezuela deconsolidation	72	—
Venezuela remeasurement	11	169
VIE deconsolidation	—	(49)
Other	(73)	(13)
Postretirement benefit plan contributions	(33)	(33)
Changes in operating assets and liabilities, net of acquisitions	223	267
Net cash provided by (used in) operating activities	1,628	1,691
Less:		
Additions to properties	(507)	(553)
Cash flow (operating cash flow less property additions) (a)	\$ 1,121	\$ 1,138

(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.

Kellogg Company and Subsidiaries
RECAST COMPARABLE DATA TO BE USED FOR 2017 COMPARISON
(millions, except per share data)

Exhibit 14

	Quarter ended				Year-to-date period ended		
	April 2, 2016	July 2, 2016	October 1, 2016	December 31, 2016	July 2, 2016	October 1, 2016	December 31, 2016
Net sales							
As reported	\$ 3,395	\$ 3,268	\$ 3,254	\$ 3,097	\$ 6,663	\$ 9,917	\$ 13,014
Acquisitions	15	5	7	4	20	27	31
Comparable originally reported	\$ 3,380	\$ 3,263	\$ 3,247	\$ 3,093	\$ 6,643	\$ 9,890	\$ 12,983
Venezuela*	(9)	(7)	(7)	(8)	(16)	(23)	(31)
Acquisitions	15	5	7	4	20	27	31
Comparable recast for 2017 comparison	\$ 3,386	\$ 3,261	\$ 3,247	\$ 3,089	\$ 6,647	\$ 9,894	\$ 12,983

	Quarter ended				Year-to-date period ended		
	April 2, 2016	July 2, 2016	October 1, 2016	December 31, 2016	July 2, 2016	October 1, 2016	December 31, 2016
Operating profit							
As reported	\$ 438	\$ 449	\$ 410	\$ 98	\$ 887	\$ 1,297	\$ 1,395
Mark-to-market	(24)	20	(31)	(226)	(4)	(35)	(261)
Project K and cost reduction activities	(52)	(72)	(40)	(161)	(124)	(164)	(325)
Integration and transaction costs	(1)	—	(2)	(7)	(1)	(3)	(10)
Acquisitions/divestitures	1	1	1	(2)	2	3	1
Venezuela remeasurement	(6)	(7)	—	—	(13)	(13)	(13)
Comparable originally reported	\$ 520	\$ 507	\$ 482	\$ 494	\$ 1,027	\$ 1,509	\$ 2,003
Venezuela*	(5)	—	(3)	(1)	(5)	(8)	(9)
Acquisitions	1	1	1	(2)	2	3	1
Comparable recast for 2017 comparison	\$ 516	\$ 508	\$ 480	\$ 491	\$ 1,024	\$ 1,504	\$ 1,995

	Quarter ended				Year-to-date period ended		
	April 2, 2016	July 2, 2016	October 1, 2016	December 31, 2016	July 2, 2016	October 1, 2016	December 31, 2016
Diluted earnings per share							
As reported	\$ 0.49	\$ 0.79	\$ 0.82	\$ (0.15)	\$ 1.29	\$ 2.11	\$ 1.96
Mark-to-market (pre-tax)	(0.07)	0.05	(0.09)	(0.64)	(0.01)	(0.10)	(0.74)
Project K and cost reduction activities (pre-tax)	(0.14)	(0.20)	(0.11)	(0.46)	(0.35)	(0.46)	(0.92)
Other costs impacting comparability (pre-tax)	(0.43)	—	—	—	(0.43)	(0.43)	(0.43)
Integration and transaction costs (pre-tax)	—	—	(0.01)	(0.02)	—	(0.01)	(0.03)
Venezuela deconsolidation (pre-tax)	—	—	—	(0.20)	—	—	(0.20)
Venezuela remeasurement (pre-tax)	(0.02)	(0.01)	—	—	(0.03)	(0.03)	(0.03)
Income tax benefit applicable to adjustments, net**	0.18	0.04	0.07	0.25	0.24	0.31	0.57
Comparable originally reported	\$ 0.97	\$ 0.91	\$ 0.96	\$ 0.92	\$ 1.87	\$ 2.83	\$ 3.74
Venezuela*	(0.01)	—	—	(0.01)	(0.01)	(0.01)	(0.02)
Comparable recast for 2017 comparison	\$ 0.96	\$ 0.91	\$ 0.96	\$ 0.91	\$ 1.86	\$ 2.82	\$ 3.72

* On December 31, 2016 the Venezuela operations were deconsolidated from Kellogg. The Venezuela financial results that were previously included in the Latin America operating segment have been excluded.

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

Kellogg Company and Subsidiaries
Reconciliation of Non-GAAP Amounts - 2017 Full Year Guidance*

Exhibit 15

	Net Sales	Operating Profit	EPS
Currency-Neutral Comparable Guidance	(2.0%)	7.0% - 9.0%	\$4.03 - \$4.09
Foreign currency impact	(2.0)%	(2.4)%	(\$.12)
Comparable Guidance	(4.0%)	4.6% - 6.6%	\$3.91 - \$3.97
Impact of certain items that are excluded from Non-GAAP guidance:			
Project K and cost reduction activities	—	(2.8%) - (6.3%)	(\$1.28) - (\$1.14)
Integration costs	—	(0.1%) - 0.3%	(\$.04) - (\$.02)
Acquisitions/dispositions	1.4%	1.0%	\$0.08
Income tax benefit applicable to adjustments, net**			\$0.37 - \$0.33

* 2017 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)

	Approximate Full Year 2017
Net cash provided by (used in) operating activities	\$1,600 - \$1,700
Additions to properties	(\$500)
Cash Flow	\$1,100 - \$1,200

Exhibit 16 - Significant items impacting comparability (Page 1 of 3)

Comparable and Currency-Neutral Comparable EPS

For all periods presented, Comparable and Currency-Neutral Comparable basic and diluted EPS are calculated using the same shares outstanding that are used for As Reported basic and diluted EPS.

Project K and cost reduction activities

On February 9, 2017, we announced an expansion and an extension to our previously-announced efficiency and effectiveness program ("Project K") to reflect additional and changed initiatives. Project K is expected to continue generating a significant amount of savings that may be invested in key strategic areas of focus for the business or utilized to achieve our 2018 margin expansion target. The Company expects that these savings may be used to improve operating margins or drive future growth in the business. We recorded pre-tax charges related to this program of \$157 million and \$300 million for the quarter and year-to-date periods ended December 31, 2016, respectively. We also recorded charges of \$68 million and \$311 million for the quarter and year-to-date periods ended January 2, 2016, respectively.

In 2015 we initiated the implementation of a Zero-Based Budgeting (ZBB) program in our North America business. During 2016 ZBB was expanded to include the international segments of the business. In support of the ZBB initiative, we incurred pre-tax charges of \$4 million and \$25 million for the quarter and year-to-date periods ended December 31, 2016. We also recorded pre-tax charges of approximately \$12 million for the quarter and year-to-date periods ended January 2, 2016.

Acquisitions and dispositions

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. The quarter ended October 1, 2016 represented the final reporting period in which year-over-year comparability was impacted for this acquisition. In our European reportable segment, for the year-to-date period ended December 31, 2016 the acquisition added \$16 million in net sales and approximately \$2 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 December 31, 2016.

Exhibit 16 - Significant items impacting comparability (Page 2 of 3)

Integration and transaction costs

We have incurred integration costs related to the integration of the 2016 acquisition of Parati Group, 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 approximately \$9 million and \$12 million for the quarter and year-to-date periods ended December 31, 2016, respectively. We also recorded integration costs of \$8 million and \$30 million for the quarter and year-to-date periods ended January 2, 2016, 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. The Company recorded total pre-tax mark-to-market charges of \$226 million and \$261 million for the quarter and year-to-date periods ended December 31, 2016, respectively. The Company recorded total pre-tax mark-to-market charges of \$387 million and \$446 million for the quarter and year-to-date periods ended January 2, 2016, respectively. The pre-tax mark-to-market charges for pension plans were \$251 million and \$393 million for the quarters ended December 31, 2016 and January 2, 2016, respectively, and \$314 million and \$471 million for the year-to-date periods ended December 31, 2016 and January 2, 2016, 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 16 - Significant items impacting comparability (Page 3 of 3)

Venezuela

During the fourth quarter of 2016, we experienced increased disruptions and restrictions in the procurement of certain locally sourced raw materials and packaging due to local government actions, which greatly diminished the Venezuelan operation's ability to produce products for sale culminating in record low production volume and capacity utilization during the quarter. These supply chain disruptions, along with other factors such as the worsening economic environment in Venezuela and the limited access to dollars to import goods through the use of any of the available currency mechanisms, have impaired our ability to effectively operate and fully control our Venezuelan subsidiary.

As of December 31, 2016, we deconsolidated and changed to the cost method of accounting for our Venezuelan subsidiary. We recorded a \$72 million pre-tax charge in Other income (expense), net as we fully impaired the value of our cost method investment in Venezuela. The deconsolidation charge included the historical cumulative translation losses of approximately \$63 million related to our Venezuelan operations that had previously been recorded in accumulated other comprehensive losses within equity.

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 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).

Following the change to the DICOM (formerly 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 2015 and 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 \$11 million in the year-to-date period ended December 31, 2016 and \$4 million and \$17 million in the quarter and year-to-date periods ended January 2, 2016 related to the utilization of these remaining non-monetary assets.

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. 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.