AMT Training
Wilmington Professional

Kellogg

PIB 2018

Company Overview

K US $ Market  P63.00 / 63.77T 5 x 2

Prev 63.35 Vol 1,701,825

K US Equity

Security Description: Equity

1) Profile | 2) Issue Info | 3) Ratios | 4) Revenue & EPS | 5) Industry Info

KELLOGG CO

FIGI BBG000BMKDM3

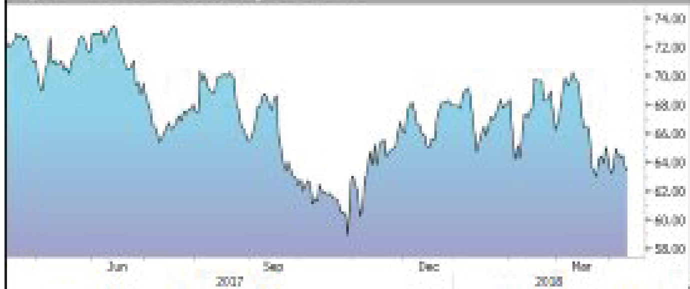
BI Research Primer | BICO »

Classification Packaged Food

Kellogg Company manufactures and markets ready-to-eat cereal and other convenience foods. The Company's products include cereals, cookies, crackers, toaster pastries, cereal bars, fruit snacks, frozen waffles, and veggie foods. Kellogg markets its products in the United States, Canada, and other countries throughout the world.

... More

8) Price Chart | GP »



Px/Chg 1D (USD)	63.35/-.42%
52 Wk H (06/14/17)	74.28
52 Wk L (10/30/17)	58.76
YTD Change/%	-4.63/-6.81%
Mkt Cap (USD)	21,956.5M
Shrs Out/Float	346.6M/277.2M
SI/% of Float	24.9M/8.98%
Days to Cover	7.0

9) Estimates | EE »

Date 13:00	(C)	05/03/18
P/E		15.95
Est P/E	12/18	14.26
T12M EPS	(USD)	3.97
Est EPS		4.44
Est PEG		1.87

12) Dividend | DVD »

Ind Gross Yield	3.41%
5Y Net Growth	4.11%
Cash 03/02/18	0.54

13) Corporate Info

www.kelloggcompany.com

Battle Creek, MI, United States

Empls 33,000 (12/30/17)

15) Management | MGMT »

Steven A Cahillane "Steve"

Chairman/CEO

Gary H Pilnick

Chief Legal Ofcr/Vice Chair:C...

Tony Chow

President:Kashi

12M Tot Ret	-9.62%
Beta vs SPX	0.69

Share Price Graph


K US $ Market P63.00 / 63.77T 5 x 2
Prev 63.35 Vol 1,701,825
K US Equity
95) Compare
96) Actions
97) Edit
Line Chart
04/12/2016 - 04/12/2018
Last Price
USD
Mov Avgs
Key Events
1D 3D 1M 6M YTD 1Y 5Y Max Daily
Table
Chart Content
Last Price 63.35
High on 06/14/17 73.49
Average 67.30
Low on 10/30/17 58.87
Volume 1.702M
Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr
2017
2018
Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.
SN 878825 BST GMT+1:00 H196-4304-0 12-Apr-2018 13:52:04

Historical Prices

K US $ Market  P63.00 / 63.77T 5 x 2

Prev 63.35 Vol 1,701,825

K US Equity | 96) Export | 97) Settings | Page 1/6 | Historical Price Table

Kellogg Co

Range 04/13/2017 - 04/11/2018 Period Daily

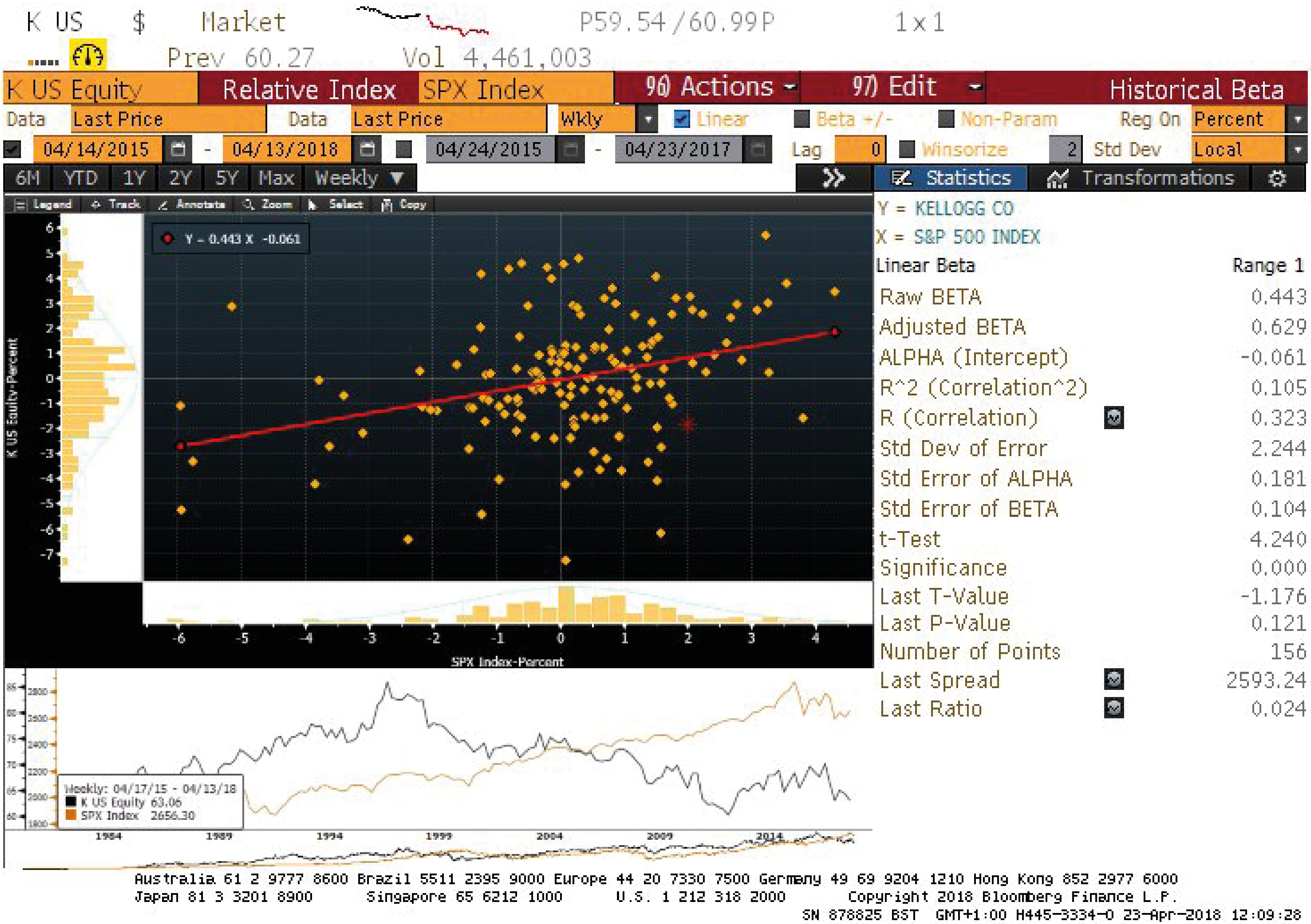
Market Last Price Volume Currency USD

View Price Table

High	73.49	on	06/14/17
Low	58.87	on	10/30/17
Average	67.30		2,840,473
Net Chg	-8.98		-12.42%

	Date	Last Price	Volume		Date	Last Price	Volume		Date	Last Price	Volume
Fr	04/13/18			Fr	03/23/18	62.95	2,202,967	Fr	03/02/18	67.68	2,292,979
Th	04/12/18			Th	03/22/18	63.37	2,918,946	Th	03/01/18	66.91	2,790,468
We	04/11/18	63.35	1,701,825	We	03/21/18	63.68	5,261,287	We	02/28/18	66.20	2,130,000
Tu	04/10/18	63.62	3,105,856	Tu	03/20/18	66.32	4,128,552	Tu	02/27/18	67.13	3,125,130
Mo	04/09/18	64.48	1,532,059	Mo	03/19/18	66.43	3,552,674	Mo	02/26/18	68.95	1,917,715
Fr	04/06/18	64.24	1,653,445	Fr	03/16/18	66.44	8,421,158	Fr	02/23/18	68.54	2,779,069
Th	04/05/18	64.56	1,294,148	Th	03/15/18	66.99	3,555,956	Th	02/22/18	68.26	1,825,942
We	04/04/18	64.93	2,357,482	We	03/14/18	69.00	2,557,250	We	02/21/18	68.31	2,780,895
Tu	04/03/18	63.37	1,878,834	Tu	03/13/18	69.64	2,737,479	Tu	02/20/18	69.68	3,399,810
Mo	04/02/18	63.12	1,545,395	Mo	03/12/18	69.83	2,463,709	Mo	02/19/18		
Fr	03/30/18			Fr	03/09/18	70.25	2,907,986	Fr	02/16/18	69.66	2,020,042
Th	03/29/18	65.01	1,946,649	Th	03/08/18	69.64	1,452,970	Th	02/15/18	69.82	3,559,679
We	03/28/18	63.90	3,488,590	We	03/07/18	69.30	1,906,918	We	02/14/18	67.74	2,367,296
Tu	03/27/18	64.38	1,966,727	Tu	03/06/18	69.90	3,269,530	Tu	02/13/18	67.49	3,139,781
Mo	03/26/18	64.13	1,723,789	Mo	03/05/18	69.20	3,908,560	Mo	02/12/18	67.07	3,287,655

Beta


K US $ Market
P59.54/60.99P 1x1
Prev 60.27 Vol 4,461,003
K US Equity
Relative Index
SPX Index
96) Actions
97) Edit
Historical Beta
Data Last Price
Data Last Price
Wkly
Linear
Beta +/-
Non-Param
Reg On Percent
04/14/2015 - 04/13/2018
04/24/2015 - 04/23/2017
Lag 0
Winsorize
2 Std Dev
Local
6M YTD 1Y 2Y 5Y Max Weekly
Statistics
Transformations
Legend Track Annotate Zoom Select Copy
Y = 0.443 X -0.061
K US Equity-Percent
SPX Index-Percent
Y = KELLOGG CO
X = S&P 500 INDEX
Linear Beta Range 1
Raw BETA 0.443
Adjusted BETA 0.629
ALPHA (Intercept) -0.061
R^2 (Correlation^2) 0.105
R (Correlation) 0.323
Std Dev of Error 2.244
Std Error of ALPHA 0.181
Std Error of BETA 0.104
t-Test 4.240
Significance 0.000
Last T-Value -1.176
Last P-Value 0.121
Number of Points 156
Last Spread 2593.24
Last Ratio 0.024
Weekly: 04/17/15 - 04/13/18
K US Equity 63.06
SPX Index 2656.30
1984 1989 1994 1999 2004 2009 2014
Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.
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Ownership

All Shareholders - Kellogg Co:

	Investor Name	Pos	% O/S	Pos Chg	% Pos Chg	Val ($MM)	Val Chg ($MM)	Investment Style	Equity Assets ($MM)	Turnover	City Name	Country	Filing Date	Filing Type
1	Kellogg W.K. Foundation Trust	67,606,838	19.55	-325,000	-0.48	4,595.91	-22.09		4,678.51	Low	Battle Creek	United States	31-Dec-2017	13F
2	KeyBanc Capital Markets	25,802,114	7.46	-29,386	-0.11	1,754.03	-2.00	Broker-Dealer	17,409.55	Low	Cleveland	United States	31-Dec-2017	13F
3	The Vanguard Group, Inc.	22,577,557	6.53	897,876	4.14	1,534.82	61.04	Index	3,187,007.09	Low	Malvern	United States	31-Dec-2017	13F
4	Capital Research Global Investors	19,667,905	5.69	-5,832,060	-22.87	1,337.02	-396.46	Core Value	647,957.16	Low	Los Angeles	United States	31-Dec-2017	13F
5	BlackRock Institutional Trust Company, N.A.	14,697,973	4.25	186,661	1.29	999.17	12.69	Index	2,255,007.36	Low	San Francisco	United States	31-Dec-2017	13F
6	State Street Global Advisors (US)	11,215,026	3.24	30,148	0.27	762.40	2.05	Index	1,299,623.12	Low	Boston	United States	31-Dec-2017	13F
7	MFS Investment Management	7,731,763	2.24	-132,376	-1.68	525.61	-9.00	Core Growth	338,202.79	Low	Boston	United States	31-Dec-2017	13F
8	SunAmerica Asset Management, LLC	7,475,250	2.16	7,363,283	6,576.30	508.17	500.56	Growth	44,285.11	Low	Jersey City	United States	31-Dec-2017	13F
9	Capital World Investors	6,880,000	1.99	-901,895	-11.59	467.70	-61.31	Core Value	705,631.70	Low	Los Angeles	United States	31-Dec-2017	13F
10	State Farm Insurance Companies	6,345,877	1.84	-36,723	-0.58	431.39	-2.50	Core Growth	81,666.27	Low	Bloomington	United States	31-Dec-2017	13F
11	Fidelity Management & Research Company	5,892,336	1.70	3,515,955	147.95	400.56	239.01	GARP	1,214,035.18	Low	Boston	United States	31-Dec-2017	13F
12	BlackRock Financial Management, Inc.	3,903,054	1.13	1,387,726	55.17	265.33	94.34	Core Growth	201,112.09	Low	New York	United States	31-Dec-2017	13F
13	Nordea Funds Oy	3,745,841	1.08	1,475,587	65.00	254.64	100.31	GARP	100,312.05	Low	Helsinki	Finland	31-Dec-2017	13F
14	Beutel, Goodman & Company Ltd.	3,496,371	1.01	213,243	6.50	237.68	14.50	Core Value	18,678.32	Low	Toronto	Canada	31-Dec-2017	13F
15	Lazard Asset Management, L.L.C.	3,357,819	0.97	-4,359,322	-56.49	228.26	-296.35	Core Value	106,822.81	Low	New York	United States	31-Dec-2017	13F
16	American Century Investment Management, Inc.	3,236,189	0.94	180,047	5.89	220.00	12.24	Core Growth	135,487.34	Low	Kansas City	United States	31-Dec-2017	13F
17	T. Rowe Price Associates, Inc.	3,090,334	0.89	542,953	21.31	210.08	36.91	GARP	673,761.54	Low	Baltimore	United States	31-Dec-2017	13F
18	HS Management Partners, LLC	2,686,650	0.78	723,675	36.87	182.64	49.20	Growth	3,258.33	Moderate	New York	United States	31-Dec-2017	13F
19	Geode Capital Management, L.L.C.	2,659,875	0.77	131,169	5.19	180.82	8.92	Index	342,341.82	Low	Boston	United States	31-Dec-2017	13F
20	Fidelity International	2,471,192	0.71	50,320	2.08	167.99	3.42	Core Growth	138,157.24	Low	London	England	31-Dec-2017	13F
21	Columbia Threadneedle Investments (US)	2,439,815	0.71	-1,598,708	-39.59	165.86	-108.68	Core Growth	219,241.52	Low	Boston	United States	31-Dec-2017	13F
22	Goldman Sachs & Company, Inc.	2,381,982	0.69	491,767	26.02	161.93	33.43	Broker-Dealer	207,374.16	Low	New York	United States	31-Dec-2017	13F
23	Bank of America Merrill Lynch (US)	2,183,576	0.63	1,052,340	93.03	148.44	71.54	Broker-Dealer	376,251.73	Low	New York	United States	31-Dec-2017	13F
24	BlackRock Investment Management, LLC	2,088,065	0.60	1,094,499	110.16	141.95	74.40	Deep Value	118,750.10	Low	Princeton	United States	31-Dec-2017	13F
25	The Boston Company Asset Management, LLC	2,057,171	0.59	107,385	5.51	139.85	7.30	Deep Value	55,156.85	Low	Boston	United States	31-Dec-2017	13F
26	Northern Trust Investments, Inc.	2,046,512	0.59	-53,763	-2.56	139.12	-3.65	Index	258,065.27	Low	Chicago	United States	31-Dec-2017	13F
27	Norges Bank Investment Management (NBIM)	1,972,184	0.57	-713,166	-26.56	134.07	-48.48	Core Value	622,376.32	Low	Oslo	Norway	31-Dec-2017	13F
28	BlackRock Investment Management (UK) Ltd.	1,820,260	0.53	172,462	10.47	123.74	11.72	Core Growth	317,816.09	Low	London	England	31-Dec-2017	13F
29	Schroder Investment Management Ltd. (SIM)	1,741,019	0.50	-412,485	-19.15	118.35	-28.04	Core Growth	162,070.31	Low	London	England	31-Dec-2017	13F
30	Millennium Management LLC	1,737,361	0.50	880,665	102.80	118.11	59.87	Hedge Fund	69,160.86	High	New York	United States	31-Dec-2017	13F
31	BNP Paribas Securities Corp. North America	1,655,207	0.48	-449,701	-21.36	112.52	-30.57	Broker-Dealer	24,311.04	High	New York	United States	31-Dec-2017	13F
32	Thompson, Siegel & Walmsley LLC	1,653,687	0.48	-24,234	-1.44	112.42	-1.65	Core Value	10,696.62	Moderate	Richmond	United States	31-Dec-2017	13F
33	Gund (Zachary)	1,639,682	0.47	2,351	0.14	111.68	0.16		111.68	Low		United States	15-Jan-2018	Proxy
34	Schweizerische Nationalbank	1,492,989	0.43	-75,500	-4.81	101.49	-5.13	Index	100,440.08	Low	Zurich	Switzerland	31-Dec-2017	13F
35	Nuveen LLC	1,439,665	0.42	-157,799	-9.88	97.87	-10.73	GARP	321,733.43	Low	New York	United States	31-Dec-2017	13F
36	Legal & General Investment Management Ltd.	1,428,302	0.41	-6,051	-0.42	97.10	-0.41	Index	221,435.67	Low	London	England	31-Dec-2017	13F
37	Global Thematic Partners, LLC	1,286,306	0.37	-76,006	-5.58	87.44	-5.17	GARP	3,596.32	Low	New York	United States	31-Dec-2017	13F
38	Morgan Stanley & Co. LLC	1,239,617	0.36	-184,549	-12.96	84.27	-12.55	Broker-Dealer	82,858.17	Moderate	New York	United States	31-Dec-2017	13F
39	Invesco PowerShares Capital Management LLC	1,178,456	0.34	-663,822	-36.03	80.11	-45.13	Index	112,941.34	Low	Downers Grove	United States	31-Dec-2017	13F
40	Wells Fargo Advisors	1,173,719	0.34	-1,166,957	-49.86	79.79	-79.33	Broker-Dealer	171,744.95	Low	Richmond	United States	31-Dec-2017	13F
41	LSV Asset Management	1,170,900	0.34	1,170,900	100.00	79.60	79.60	Deep Value	73,803.48	Low	Chicago	United States	31-Dec-2017	13F
42	Janus Henderson Investors	1,115,397	0.32	235,744	26.80	75.82	16.03	Core Growth	223,391.91	Low	London	England	31-Dec-2017	13F
43	Gabelli Funds, LLC	1,099,175	0.32	-29,030	-2.57	74.72	-1.97	Core Value	35,565.75	Low	Rye	United States	31-Dec-2017	13F
44	Mellon Capital Management Corporation	988,745	0.29	-62,793	-5.97	67.21	-4.27	Index	173,505.11	Low	San Francisco	United States	31-Dec-2017	13F
45	Pzena Investment Management, LLC	973,315	0.28	2,309	0.24	66.17	0.16	Core Value	22,397.79	Low	New York	United States	31-Dec-2017	13F
46	BNY Mellon Asset Management	923,616	0.27	3,124	0.34	62.79	0.21	Income Value	93,594.45	Low	New York	United States	31-Dec-2017	13F
47	Sumitomo Mitsui Trust Bank, Limited	900,053	0.26	6,016	0.67	61.19	0.41	Core Growth	148,940.81	Low	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
48	Charles Schwab Investment Management, Inc.	890,261	0.26	41,652	4.91	60.52	2.83	Index	163,794.07	Low	San Francisco	United States	31-Dec-2017	13F
49	BlackRock Asset Management Ireland Limited	886,755	0.26	-40,645	-4.38	60.28	-2.76	Core Growth	94,699.19	Low	Dublin	Ireland	31-Dec-2017	13F
50	Northern Trust Global Investments	882,534	0.26	-127,336	-12.61	59.99	-8.66	Core Growth	116,871.65	Low	Chicago	United States	31-Dec-2017	13F
51	Flossbach von Storch AG	875,250	0.25	875,250	100.00	59.50	59.50	Core Growth	16,541.45	Low	Cologne	Germany	31-Dec-2017	13F
52	Guggenheim Investments	871,165	0.25	116,093	15.38	59.22	7.89	Core Value	45,221.64	Low	Rockville	United States	31-Dec-2017	13F
53	Morgan Stanley Wealth Management	863,034	0.25	26,658	3.19	58.67	1.81	Core Growth	203,532.67	Low	Seattle	United States	31-Dec-2017	13F
54	Hotchkis and Wiley Capital Management, LLC	852,286	0.25	-200	-0.02	57.94	-0.01	Core Value	31,581.41	Low	Los Angeles	United States	31-Dec-2017	13F
55	Bridgeway Capital Management, Inc.	849,790	0.25	251,300	41.99	57.77	17.08	Aggres. Gr.	9,785.57	Moderate	Houston	United States	31-Dec-2017	13F
56	PGGM Vermogensbeheer B.V.	826,900	0.24	139,207	20.24	56.21	9.46	GARP	57,985.88	Low	Zeist	Netherlands	31-Dec-2017	13F
57	TD Asset Management Inc.	769,083	0.22	95,128	14.11	52.28	6.47	GARP	71,039.99	Low	Toronto	Canada	31-Dec-2017	13F
58	Fayez Sarofim & Co.	750,232	0.22	-13,131	-1.72	51.00	-0.89	Core Growth	19,863.16	Low	Houston	United States	31-Dec-2017	13F
59	DekaBank Deutsche Girozentrale	722,003	0.21	-10,927	-1.49	45.03	-0.68	Core Growth	12,936.57	Low	Frankfurt	Germany	30-Sep-2017	13F
60	Hexavest Inc.	698,440	0.20	10,278	1.49	45.41	0.67	Core Value	9,033.72	Moderate	Montreal	Canada	31-Mar-2018	13F
61	AXA Rosenberg Investment Management LLC	678,800	0.20	613,300	936.34	46.14	41.69	Core Value	23,035.88	Low	Orinda	United States	31-Dec-2017	13F
62	Managed Account Advisors LLC	659,587	0.19	455,352	222.95	44.84	30.95	Specialty	219,380.25	Low	Jersey City	United States	31-Dec-2017	13F
63	NNIP Advisors B.V.	654,337	0.19	413,337	171.51	44.48	28.10	Core Growth	25,645.36	Moderate	The Hague	Netherlands	31-Dec-2017	13F
64	Goldman Sachs Asset Management (US)	639,375	0.18	-73,457	-10.30	43.46	-4.99	Core Growth	140,389.11	Low	New York	United States	31-Dec-2017	13F
65	HSBC Global Asset Management (UK) Limited	636,593	0.18	342,365	116.36	43.28	23.27	Core Growth	76,222.52	Low	London	England	31-Dec-2017	13F
66	Northern Trust Global Investments Limited	626,356	0.18	1,730	0.28	42.58	0.12	Core Growth	55,630.55	Low	London	England	31-Dec-2017	13F
67	California Public Employees' Retirement System	625,163	0.18	20,430	3.38	42.50	1.39	Index	143,716.59	Low	Sacramento	United States	31-Dec-2017	13F
68	Credit Suisse Securities (USA) LLC	622,277	0.18	42,547	7.34	42.30	2.89	Broker-Dealer	82,845.51	Moderate	New York	United States	31-Dec-2017	13F
69	Barclays Bank PLC	621,712	0.18	219,638	54.63	42.26	14.93		49,870.21	High	London	England	31-Dec-2017	13F
70	Mitsubishi UFJ Trust and Banking Corporation	610,047	0.18	-13,330	-2.14	41.47	-0.91	Core Growth	154,333.05	Low	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
71	Dimensional Fund Advisors, L.P.	600,802	0.17	8,714	1.47	40.84	0.59	Core Growth	416,278.90	Low	Austin	United States	31-Dec-2017	13F
72	Parametric Portfolio Associates LLC	570,880	0.17	-72,362	-11.25	38.81	-4.92	Index	107,738.86	Low	Seattle	United States	31-Dec-2017	13F
73	AllianceBernstein L.P.	562,803	0.16	114,456	25.53	38.26	7.78	Core Growth	173,204.30	Low	New York	United States	31-Dec-2017	13F
74	Old Republic International Corp.	556,000	0.16	202,000	57.06	37.80	13.73		3,148.51	Low	Chicago	United States	31-Dec-2017	13F
75	New York State Common Retirement Fund	540,000	0.16	1,800	0.33	36.71	0.12	Index	83,760.36	Low	Albany	United States	31-Dec-2017	13F
76	Deka Investment GmbH	524,886	0.15	-116,747	-18.20	35.68	-7.94	Core Growth	47,159.93	Low	Frankfurt	Germany	31-Dec-2017	Aggregate MFs
77	Deutsche Asset Management Americas	518,367	0.15	-205,454	-28.38	35.24	-13.97	Core Growth	94,492.18	Moderate	New York	United States	31-Dec-2017	13F
78	Rhumbline Advisers Ltd. Partnership	499,073	0.14	2,504	0.50	33.93	0.17	Index	49,196.49	Low	Boston	United States	31-Dec-2017	13F
79	Asset Management One USA Inc.	498,352	0.14	-4,771	-0.95	33.88	-0.32	Equity Hedge	45,167.62	Low	New York	United States	31-Dec-2017	13F
80	Alberta Investment Management Corporation	494,500	0.14	-26,100	-5.01	33.62	-1.77	Core Value	11,227.74	Moderate	Edmonton	Canada	31-Dec-2017	13F
81	Barrow, Hanley, Mewhinney & Strauss, LLC	488,760	0.14	-46,800	-8.74	32.36	-3.10	Income Value	77,835.09	Low	Dallas	United States	28-Feb-2018	Aggregate MFs
82	Amundi Asset Management	446,373	0.13	108,729	32.20	30.34	7.39	GARP	129,520.71	Low	Paris	France	31-Dec-2017	13F
83	UBS Asset Management (Switzerland)	436,166	0.13	536	0.12	29.65	0.04	Core Value	156,090.96	Low	Zurich	Switzerland	31-Dec-2017	13F
84	Lord, Abbett & Co. LLC	435,700	0.13	47,300	12.18	29.62	3.22	Core Growth	41,530.45	Low	Jersey City	United States	31-Dec-2017	13F
85	California State Teachers Retirement System	415,462	0.12	-13,196	-3.08	28.24	-0.90	Index	49,910.19	Low	West Sacramento	United States	31-Dec-2017	13F
86	Amundi Pioneer Asset Management, Inc.	410,894	0.12	-59,431	-12.64	27.93	-4.04	Core Growth	34,465.52	Low	Boston	United States	31-Dec-2017	13F
87	Two Sigma Investments, LP	408,655	0.12	90,300	28.36	27.78	6.14	Hedge Fund	65,866.27	High	New York	United States	31-Dec-2017	13F
88	INTECH Investment Management LLC	404,600	0.12	0	0.00	27.50	0.00	GARP	3,874.69	Low	West Palm Beach	United States	31-Dec-2017	Aggregate MFs
89	BlackRock Japan Co., Ltd.	398,728	0.12	52,211	15.07	27.11	3.55	Core Growth	71,245.03	Low	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
90	RBC Dominion Securities, Inc.	383,223	0.11	275,967	257.30	26.05	18.76		36,707.43	Low	Toronto	Canada	31-Dec-2017	13F
91	Florida State Board of Administration	379,452	0.11	-6,040	-1.57	25.80	-0.41	Index	76,115.56	Low	Tallahassee	United States	31-Dec-2017	13F
92	TD Waterhouse Private Investment Counsel, Inc.	376,724	0.11	28,933	8.32	25.61	1.97	Core Value	8,916.94	Low	Toronto	Canada	31-Dec-2017	13F
93	Fidelity Institutional Asset Management	370,325	0.11	-386,141	-51.05	25.17	-26.25	GARP	76,248.77	Low	Smithfield	United States	31-Dec-2017	13F
94	First Trust Advisors L.P.	367,821	0.11	16,266	4.63	25.00	1.11	Income Value	53,407.56	Low	Wheaton	United States	31-Dec-2017	13F
95	Principal Global Investors (Equity)	362,615	0.10	-12,760	-3.40	24.65	-0.87	Core Growth	126,482.33	Low	Des Moines	United States	31-Dec-2017	13F
96	Anima SGR S.p.A.	361,312	0.10	-8,700	-2.35	23.49	-0.57	Core Growth	16,456.52	Moderate	Milan	Italy	31-Mar-2018	Aggregate MFs
97	MFS Investment Management Canada Limited	358,846	0.10	-5,638	-1.55	24.39	-0.38	Core Growth	8,869.41	Low	Toronto	Canada	31-Dec-2017	13F
98	UBS Financial Services, Inc.	357,047	0.10	129,739	57.08	24.27	8.82		180,244.95	Low	Weehawken	United States	31-Dec-2017	13F
99	CORDA Investment Management, LLC	351,874	0.10	547	0.16	23.92	0.04	Yield	814.86	Low	Houston	United States	31-Dec-2017	13F
100	Adage Capital Management, L.P.	351,237	0.10	275,500	363.76	23.88	18.73	Hedge Fund	44,132.64	Low	Boston	United States	31-Dec-2017	13F
101	Quantitative Management Associates LLC	348,350	0.10	-1,480	-0.42	23.68	-0.10	Index	75,801.13	Low	Newark	United States	31-Dec-2017	13F
102	New York State Teachers' Retirement System	347,778	0.10	-785	-0.23	23.64	-0.05	Index	42,206.74	Low	Albany	United States	31-Dec-2017	13F
103	JP Morgan Asset Management	346,567	0.10	229,975	197.25	23.56	15.63	GARP	347,179.94	Low	New York	United States	31-Dec-2017	13F
104	Waddell & Reed Investment Management Company	338,401	0.10	-3,070	-0.90	23.00	-0.21	Core Growth	60,290.60	Low	Overland Park	United States	31-Dec-2017	13F
105	UBS Asset Management (UK) Ltd.	331,855	0.10	6,101	1.87	22.56	0.41	Core Value	74,041.63	Low	London	England	31-Dec-2017	13F
106	BMO Asset Management Inc.	314,788	0.09	295	0.09	20.46	0.02	GARP	50,761.52	Low	Toronto	Canada	31-Mar-2018	13F
107	GWL Investment Management Ltd.	295,043	0.09	5,713	1.97	20.06	0.39	Core Growth	43,166.97	Low	Winnipeg	Canada	31-Dec-2017	13F
108	Martingale Asset Management, L.P.	292,067	0.08	-1,707	-0.58	19.85	-0.12	Core Value	7,537.01	Low	Boston	United States	31-Dec-2017	13F
109	Candriam Luxembourg S.A.	286,608	0.08	-95,678	-25.03	19.48	-6.50	GARP	6,670.06	Low	Luxembourg	Luxembourg	31-Dec-2017	13F
110	Chevy Chase Trust Company	276,154	0.08	-7,913	-2.79	17.95	-0.51		22,501.43	Low	Bethesda	United States	31-Mar-2018	13F
111	Citadel LLC	274,028	0.08	-955,790	-77.72	18.63	-64.97	Hedge Fund	68,842.73	High	Chicago	United States	31-Dec-2017	13F
112	National Pension Service	270,651	0.08	-20,733	-7.12	17.60	-1.35		132,290.31	Low	Seoul	Korea, Rep. (South)	31-Mar-2018	13F
113	Invesco Advisers, Inc.	268,883	0.08	22,989	9.35	18.28	1.56	GARP	188,954.08	Low	Atlanta	United States	31-Dec-2017	13F
114	Kornitzer Capital Management Inc.	257,398	0.07	-354	-0.14	17.50	-0.02	Core Value	6,089.96	Low	Shawnee Mission	United States	31-Dec-2017	13F
115	INVESCO Global Structured Products Group	257,248	0.07	-1,689	-0.65	17.03	-0.11	Core Growth	9,685.98	Low	New York	United States	28-Feb-2018	Aggregate MFs
116	Shelton Capital Management	247,816	0.07	-53,600	-17.78	16.85	-3.64	Core Growth	1,685.52	Low	Denver	United States	31-Dec-2017	13F
117	UBS Asset Management (Americas), Inc.	243,808	0.07	4,841	2.03	16.57	0.33	Core Value	36,060.55	Low	Chicago	United States	31-Dec-2017	13F
118	BNY Mellon Wealth Management	243,301	0.07	-24,959	-9.30	16.54	-1.70	Core Growth	43,291.12	Low	New York	United States	31-Dec-2017	13F
119	BlackRock International Ltd.	240,954	0.07	226,666	1,586.41	16.38	15.41	Core Growth	9,809.97	Moderate	Edinburgh	Scotland	31-Dec-2017	13F
120	Barclays Capital	230,749	0.07	21,001	10.01	15.69	1.43	Broker-Dealer	8,382.89	High	London	England	31-Dec-2017	13F
121	Glenmede Investment Management LP	230,739	0.07	-32,537	-12.36	15.69	-2.21	Hedge Fund	23,858.71	Low	Philadelphia	United States	31-Dec-2017	13F
122	BlackRock Asset Management Canada Limited	227,046	0.07	-10,250	-4.32	15.43	-0.70	Index	37,703.05	Low	Toronto	Canada	31-Dec-2017	13F
123	ARS Investment Partners LLC	223,867	0.06	58,835	35.65	15.22	4.00	Core Growth	827.79	Low	New York	United States	31-Dec-2017	13F
124	Gotham Asset Management, LLC	223,174	0.06	-202,088	-47.52	15.17	-13.74	Hedge Fund	6,867.98	High	New York	United States	31-Dec-2017	13F
125	RBC Capital Markets Wealth Management	220,271	0.06	3,011	1.39	14.97	0.20	Broker-Dealer	46,106.80	Low	Minneapolis	United States	31-Dec-2017	13F
126	Credit Suisse Asset Management	211,781	0.06	-19,253	-8.33	14.02	-1.27	Core Growth	86,525.02	Low	Zurich	Switzerland	28-Feb-2018	Aggregate MFs
127	BlackRock Advisors (UK) Limited	211,368	0.06	77,271	57.62	14.37	5.25	Index	148,883.42	Low	London	England	31-Dec-2017	13F
128	WBI Investments Inc	210,921	0.06	210,921	100.00	14.34	14.34	Yield	2,386.46	High	Red Bank	United States	31-Dec-2017	13F
129	Envestnet Asset Management, Inc.	202,112	0.06	21,005	11.60	13.74	1.43	Core Growth	44,876.37	Low	Chicago	United States	31-Dec-2017	13F
130	State Street Global Advisors (UK) Ltd.	192,750	0.06	5,467	2.92	12.53	0.36	Index	91,423.37	Low	London	England	31-Mar-2018	Aggregate MFs
131	Wells Fargo Bank, N.A.	191,004	0.06	-7,511	-3.78	12.98	-0.51	Core Value	92,165.96	Low	San Francisco	United States	31-Dec-2017	13F
132	CPP Investment Board	190,061	0.05	44,400	30.48	12.92	3.02	Core Value	96,825.55	Low	Toronto	Canada	31-Dec-2017	13F
133	PanAgora Asset Management Inc.	185,073	0.05	126,901	218.15	12.58	8.63	GARP	27,315.87	Low	Boston	United States	31-Dec-2017	13F

134	The Private Trust Company, N.A.	184,558	0.05	313	0.17	12.00	0.02	GARP	457.28	Low	Cleveland	United States	31-Mar-2018	13F
135	Westpac Banking Corporation	184,330	0.05	808	0.44	12.53	0.05	Core Growth	4,521.80	High	Sydney	Australia	31-Dec-2017	13F
136	AHL Partners LLP	179,840	0.05	179,840	100.00	12.23	12.23		6,394.07	High		United Kingdom	31-Dec-2017	13F
137	State of Wisconsin Investment Board	178,175	0.05	27,441	18.20	12.11	1.87	Core Growth	38,619.26	Low	Madison	United States	31-Dec-2017	13F
138	Seligson & Co Rahastoyhtiö Oyj	176,725	0.05	0	0.00	12.04	0.00	GARP	1,616.31	Low	Helsinki	Finland	31-Jan-2018	Aggregate MFs
139	Raymond James & Associates, Inc.	175,193	0.05	-2,374	-1.34	11.91	-0.16	Broker-Dealer	54,284.32	Low	St. Petersburg	United States	31-Dec-2017	13F
140	Voya Investment Management LLC	173,268	0.05	-7,089	-3.93	11.78	-0.48	Core Growth	54,528.95	Low	New York	United States	31-Dec-2017	13F
141	JPMorgan Private Bank (United States)	167,207	0.05	78,267	88.00	11.37	5.32	Core Value	107,518.03	Low	New York	United States	31-Dec-2017	13F
142	British Columbia Investment Management Corp.	161,084	0.05	-106,796	-39.87	10.95	-7.26	Core Value	41,898.08	Low	Victoria	Canada	31-Dec-2017	13F
143	Pictet Asset Management Ltd.	156,382	0.05	-68,542	-30.47	10.63	-4.66	Core Growth	92,805.46	Low	London	England	31-Dec-2017	13F
144	TD Securities, Inc.	155,666	0.05	13,150	9.23	10.58	0.89	Broker-Dealer	31,016.05	Low	New York	United States	31-Dec-2017	13F
145	Carlson Capital, L.P.	153,694	0.04	-31,831	-17.16	10.45	-2.16	Hedge Fund	5,334.78	High	Dallas	United States	31-Dec-2017	13F
146	Marshall Wace LLP	150,563	0.04	150,563	100.00	10.24	10.24	Hedge Fund	23,868.92	High	London	England	31-Dec-2017	13F
147	Candriam Belgium S.A.	149,412	0.04	-29,785	-16.62	9.89	-1.97	GARP	16,301.75	Moderate	Brussels	Belgium	28-Feb-2018	Aggregate MFs
148	Gund (Gordon)	147,359	0.04	147,359	100.00	10.02	10.02		10.02			United States	31-Dec-2017	13G
149	Manulife Asset Management Limited	145,014	0.04	-2,649	-1.79	9.86	-0.18	Core Growth	38,014.12	Low	Toronto	Canada	31-Dec-2017	13F
150	London & Capital Asset Management Ltd.	142,550	0.04	7,925	5.89	9.44	0.52	Hedge Fund	252.39	Moderate	London	England	28-Feb-2018	Aggregate MFs
151	Storebrand Kapitalforvaltning AS	139,214	0.04	-3,758	-2.63	9.22	-0.25	GARP	21,768.58	Low	Lysaker	Norway	28-Feb-2018	Aggregate MFs
152	Bryant (John A)	137,769	0.04	1,966	1.45	9.12	0.13		9.32	Low		United States	16-Feb-2018	Insider Update
153	Aviva Investors Global Services Limited	134,418	0.04	-18,722	-12.23	9.14	-1.27	Core Growth	51,671.76	Low	London	England	31-Dec-2017	13F
154	BMO Harris Bank N.A.	133,103	0.04	-861	-0.64	8.65	-0.06	GARP	11,861.73	Low	Chicago	United States	31-Mar-2018	13F
155	U.S. Bancorp Asset Management, Inc.	131,214	0.04	24,625	23.10	8.92	1.67	Core Growth	33,415.36	Low	Minneapolis	United States	31-Dec-2017	13F
156	New Jersey Division of Investment	130,000	0.04	0	0.00	8.84	0.00	Core Growth	28,473.64	Low	Trenton	United States	31-Dec-2017	13F
157	Hoofbosch Investment Fund	126,000	0.04	2,000	1.61	8.57	0.14		181.68	Low		Netherlands	31-Dec-2017	Aggregate MFs
158	AMP Capital Investors Limited	125,645	0.04	-228	-0.18	8.54	-0.02	Yield	23,818.05	Low	Sydney	Australia	31-Dec-2017	13F
159	Zürcher Kantonalbank (Asset Management)	125,489	0.04	-15,890	-11.24	8.53	-1.08	Growth	34,343.92	Low	Zurich	Switzerland	31-Dec-2017	13F
160	Teacher Retirement System of Texas	124,972	0.04	116,071	1,304.02	8.50	7.89	GARP	16,117.80	Low	Austin	United States	31-Dec-2017	13F
161	Caisse de Depot et Placement du Quebec	124,900	0.04	-1,100	-0.87	8.49	-0.07	GARP	88,197.91	Low	Montreal	Canada	31-Dec-2017	13F
162	Citi Investment Research (US)	124,409	0.04	-56,175	-31.11	8.46	-3.82	Broker-Dealer	52,305.45	Moderate	New York	United States	31-Dec-2017	13F
163	BlackRock Investment Management (Australia) Ltd.	124,270	0.04	38,391	44.70	8.45	2.61	Growth	18,792.79	Low	Melbourne	Australia	31-Dec-2017	13F
164	Aperio Group, LLC	120,582	0.03	-564	-0.47	8.20	-0.04	Index	19,473.25	Low	Sausalito	United States	31-Dec-2017	13F
165	The Retirement Systems of Alabama	120,543	0.03	-16	-0.01	8.19	0.00	Core Value	21,003.22	Low	Montgomery	United States	31-Dec-2017	13F
166	Richard C. Young & Co., Ltd.	120,014	0.03	-767	-0.64	8.16	-0.05	Income Value	509.96	Low	Newport	United States	31-Dec-2017	13F
167	Tennessee Consolidated Retirement System	119,348	0.03	51,735	76.52	8.11	3.52	Core Growth	22,303.89	Low	Nashville	United States	31-Dec-2017	13F
168	Willis Investment Counsel Inc.	118,925	0.03	1,600	1.36	8.08	0.11	Deep Value	1,423.66	Low	Gainesville	United States	31-Dec-2017	13F
169	KBC Group NV	118,219	0.03	45,950	63.58	8.04	3.12		11,669.24	Low	Brussels	Belgium	31-Dec-2017	13F
170	QS Investors, LLC	113,793	0.03	-2,542	-2.19	7.74	-0.17	Growth	13,540.85	Low	New York	United States	31-Dec-2017	13F
171	Deutsche Asset Management Investment GmbH	113,347	0.03	-261,795	-69.79	7.71	-17.80	GARP	143,550.99	Low	Frankfurt	Germany	31-Dec-2017	13F
172	Nomura Asset Management Co., Ltd.	112,509	0.03	107	0.10	7.65	0.01	Core Growth	162,912.11	Low	Chuo-ku (Tokyo)	Japan	31-Dec-2017	13F
173	Robeco Institutional Asset Management B.V.	110,109	0.03	96,947	736.57	7.49	6.59	Core Growth	41,108.44	Low	Rotterdam	Netherlands	31-Dec-2017	13F
174	Shell Asset Management Company B.V.	110,049	0.03	1,353	1.24	7.48	0.09	GARP	5,754.16	Low	Rijswijk	Netherlands	31-Dec-2017	13F
175	Meyer Handelman Company LLC	108,800	0.03	0	0.00	7.40	0.00	Core Value	2,086.99	Low	Rye Brook	United States	31-Dec-2017	13F
176	First Manhattan Company	106,133	0.03	-5,675	-5.08	7.21	-0.39	Deep Value	18,723.02	Low	New York	United States	31-Dec-2017	13F
177	ACTIAM N.V.	105,837	0.03	2,191	2.11	7.01	0.15	Income Value	13,961.16	Low	Utrecht	Netherlands	28-Feb-2018	Aggregate MFs
178	Arizona State Retirement System	104,953	0.03	4,103	4.07	7.13	0.28	Core Growth	10,236.88	Low	Phoenix	United States	31-Dec-2017	13F
179	Andra AP-Fonden	104,200	0.03	-129,200	-55.36	6.77	-8.40	Income Value	5,103.83	Moderate	Gothenburg	Sweden	31-Mar-2018	13F
180	Ohio Public Employees Retirement System	103,779	0.03	-921	-0.88	7.05	-0.06	GARP	21,590.61	Low	Columbus	United States	31-Dec-2017	13F
181	Vanguard Investments Australia Ltd.	102,896	0.03	-68	-0.07	6.69	0.00	Index	48,436.20	Low	Melbourne	Australia	31-Mar-2018	Aggregate MFs
182	Commerzbank AG	101,211	0.03	-72,006	-41.57	6.88	-4.89	Index	9,484.95	Moderate	Frankfurt	Germany	31-Dec-2017	13F
183	Eaton Vance Management	100,989	0.03	-6,838	-6.34	6.87	-0.46	Mixed Style	46,730.76	Low	Boston	United States	31-Dec-2017	13F
184	PNC Wealth Management	100,442	0.03	-2,697	-2.61	6.83	-0.18	Core Growth	73,757.41	Low	Philadelphia	United States	31-Dec-2017	13F
185	Manulife Asset Management (US) LLC	99,169	0.03	-17,028	-14.65	6.74	-1.16	Core Growth	122,225.14	Low	Boston	United States	31-Dec-2017	13F
186	Baillie Gifford & Co.	98,700	0.03	98,700	100.00	7.65	7.65	Core Growth	150,178.17	Low	Edinburgh	Scotland	30-Sep-2016	Aggregate MFs
187	Brookfield Investment Management Inc.	98,120	0.03	0	0.00	6.67	0.00	Income Value	9,487.76	Moderate	New York	United States	31-Dec-2017	13F
188	Alaska Retirement Management Board	95,720	0.03	59,880	167.08	6.22	3.89	Specialty	4,807.42	Moderate	Juneau	United States	31-Mar-2018	13F
189	RobecoSAM AG	95,394	0.03	0	0.00	7.39	0.00	Specialty	3,376.73	Low	Zurich	Switzerland	30-Sep-2016	13F
190	BMO Nesbitt Burns Inc.	93,652	0.03	15,297	19.52	6.09	0.99	Growth	24,353.60	Low	Toronto	Canada	31-Mar-2018	13F
191	Salem Investment Counselors, Inc.	93,012	0.03	210	0.23	6.32	0.01	GARP	913.72	Low	Winston-Salem	United States	31-Dec-2017	13F
192	Aletti Gestielle SGR S.p.A.	92,894	0.03	15,100	19.41	6.15	1.00	GARP	3,743.40	Moderate	Milan	Italy	28-Feb-2018	Aggregate MFs
193	Ledyard National Bank	92,724	0.03	955	1.04	6.03	0.06	Core Growth	822.30	Low	Hanover	United States	31-Mar-2018	13F
194	APG Asset Management	92,612	0.03	-5,100	-5.22	6.30	-0.35	Core Growth	156,893.89	Low	Heerlen	Netherlands	31-Dec-2017	13F
195	Compagnie Lombard, Odier SCA	91,650	0.03	1,650	1.83	6.23	0.11		2,725.79	Low	Geneva	Switzerland	31-Dec-2017	13F
196	Commerz Funds Solutions S.A.	90,735	0.03	90,735	100.00	5.90	5.90		9,414.58	High	Luxembourg	Luxembourg	31-Mar-2018	Aggregate MFs
197	Alambic Investment Management, L.P.	90,600	0.03	2,660	3.02	6.16	0.18	Income Value	817.30	High	San Francisco	United States	31-Dec-2017	13F
198	NISA Investment Advisors, L.L.C.	90,496	0.03	16,119	21.67	5.88	1.05	Index	9,529.28	Low	St. Louis	United States	31-Mar-2018	13F
199	Kingdon Capital Management, L.L.C.	90,082	0.03	65,082	260.33	6.12	4.42	Hedge Fund	1,076.07	High	New York	United States	31-Dec-2017	13F
200	MFS International Singapore Pte. Ltd	89,749	0.03	-125	-0.14	6.10	-0.01		10,171.74	Moderate	Singapore	Singapore	31-Dec-2017	13F
201	Swedbank Robur Fonder AB	88,439	0.03	43,451	96.58	6.02	2.96	Core Growth	84,430.17	Low	Stockholm	Sweden	31-Jan-2018	Aggregate MFs
202	SEI Investments Management Corporation	87,118	0.03	-22,690	-20.66	5.92	-1.54	Specialty	32,437.97	Low	Oaks	United States	31-Dec-2017	13F
203	AXA Rosenberg Investment Management Ltd.	85,600	0.02	-15,300	-15.16	5.67	-1.01	Core Value	3,355.47	Moderate	London	England	28-Feb-2018	Aggregate MFs
204	PSP Investments	85,040	0.02	56,515	198.12	5.78	3.84	Core Value	14,048.03	Moderate	Montreal	Canada	31-Dec-2017	13F
205	Mackenzie Financial Corporation	84,602	0.02	84,602	100.00	5.75	5.75	Core Growth	62,007.40	Low	Toronto	Canada	31-Dec-2017	13F
206	Creutz & Partners, Global Asset Management S.A.	83,800	0.02	33,800	67.60	5.71	2.30	Yield	388.32	High	Weiswampach	Luxembourg	31-Jan-2018	Aggregate MFs
207	Calvert Research and Management	83,647	0.02	3,382	4.21	5.54	0.22	Core Value	3,295.40	Low	Bethesda	United States	28-Feb-2018	Aggregate MFs
208	World Asset Management, Inc.	81,785	0.02	-25,671	-23.89	5.56	-1.75	Index	11,704.42	Low	Detroit	United States	31-Dec-2017	13F
209	Gutmann Kapitalanlage Aktiengesellschaft	81,655	0.02	3,795	4.87	5.35	0.25	Core Value	770.95	Low	Vienna	Austria	31-Aug-2017	Aggregate MFs
210	Korea Investment Corporation	81,543	0.02	-8,400	-9.34	5.54	-0.57	Core Growth	22,002.53	Low	Seoul	Korea, Rep. (South)	31-Dec-2017	13F
211	Gulf International Bank (UK) Limited	81,199	0.02	-160	-0.20	5.52	-0.01	Core Value	7,871.14	Low	London	England	31-Dec-2017	13F
212	City National Rochdale, LLC	81,108	0.02	-5,807	-6.68	5.51	-0.39	Yield	15,691.98	Low	New York	United States	31-Dec-2017	13F
213	Dillon (JohnT)	81,018	0.02	4,620	6.05	5.52	0.31		5.52	Low		Canada	15-Jan-2018	Proxy
214	Deutsche Investment Management Americas, Inc.	80,921	0.02	-556	-0.68	5.50	-0.04	Core Value	18,389.50	Moderate	New York	United States	31-Dec-2017	13F
215	SG Americas Securities, L.L.C.	80,436	0.02	-64,312	-44.43	5.47	-4.37	Broker-Dealer	8,752.79	High	New York	United States	31-Dec-2017	13F
216	Connor, Clark & Lunn Investment Management Ltd.	80,025	0.02	-36,175	-31.13	5.44	-2.46	Core Value	18,897.26	Low	Vancouver	Canada	31-Dec-2017	13F
217	MetLife Investment Advisors, LLC	76,962	0.02	76,962	100.00	5.23	5.23		8,813.10			United States	31-Dec-2017	13F
218	Norman (Paul T)	75,991	0.02	2,092	2.83	5.03	0.14		5.03	Low		United States	26-Feb-2018	Insider Update
219	CornerCap Investment Counsel, Inc.	75,955	0.02	22,845	43.01	5.16	1.55	Deep Value	730.19	Moderate	Atlanta	United States	31-Dec-2017	13F
220	Fisher Investments	75,485	0.02	75,485	100.00	4.91	4.91	Core Value	78,068.34	Low	Woodside	United States	31-Mar-2018	13F
221	CIBC World Markets Corp.	73,588	0.02	27,461	59.53	5.00	1.87	Broker-Dealer	11,491.43	High	New York	United States	31-Dec-2017	13F
222	Michigan Department of Treasury	72,891	0.02	-2,500	-3.32	4.96	-0.17	Core Value	12,738.58	Low	East Lansing	United States	31-Dec-2017	13F
223	AQR Capital Management, LLC	71,884	0.02	-193,045	-72.87	4.89	-13.12	Hedge Fund	115,845.19	Low	Greenwich	United States	31-Dec-2017	13F
224	HSBC Global Asset Management (International) Limited	70,508	0.02	-5,679	-7.45	4.79	-0.39	Core Growth	579.73	High	St. Helier	Jersey	31-Dec-2017	13F
225	Ontario Teachers' Pension Plan Board	70,473	0.02	-23,430	-24.95	4.79	-1.59	Core Value	11,291.28	Low	Toronto	Canada	31-Dec-2017	13F
226	BB&T Securities, LLC	69,945	0.02	60,482	639.14	4.75	4.11		7,688.23	Moderate	Richmond	United States	31-Dec-2017	13F
227	Wilbanks, Smith & Thomas Asset Management, LLC	69,930	0.02	-1,900	-2.65	4.75	-0.13	GARP	1,353.55	Moderate	Norfolk	United States	31-Dec-2017	13F
228	La Banque Postale Asset Management	69,000	0.02	-4,340	-5.92	5.01	-0.32	Core Growth	16,641.54	Low	Paris	France	31-Mar-2017	Aggregate MFs
229	Texas Permanent School Fund	67,904	0.02	-962	-1.40	4.62	-0.07	Index	7,974.03	Low	Austin	United States	31-Dec-2017	13F
230	Wellington Management Company, LLP	65,494	0.02	-258,426	-79.78	4.45	-17.57	Core Value	512,686.35	Low	Boston	United States	31-Dec-2017	13F
231	Achmea Investment Management B.V.	65,050	0.02	28,821	79.55	4.42	1.96	Growth	3,016.61	Low	Zeist	Netherlands	31-Dec-2017	13F
232	BMO Capital Markets (US)	63,801	0.02	9,818	18.19	4.15	0.64	Broker-Dealer	21,180.61	High	New York	United States	31-Mar-2018	13F
233	SunTrust Bank	62,501	0.02	2,496	4.16	4.25	0.17	Yield	17,597.24	Low	Orlando	United States	31-Dec-2017	13F
234	Heartland Advisors, Inc.	62,425	0.02	62,425	100.00	4.24	4.24	Deep Value	1,640.41	Low	Milwaukee	United States	31-Dec-2017	13F
235	Commonwealth Financial Network	61,509	0.02	1,241	2.06	4.18	0.08	Core Growth	18,278.44	Low	Waltham	United States	31-Dec-2017	13F
236	William Blair & Company, L.L.C. (Research)	61,393	0.02	14,995	32.32	4.17	1.02	Broker-Dealer	26,907.57	Low	Chicago	United States	31-Dec-2017	13F
237	Opus Investment Management, Inc	61,000	0.02	0	0.00	4.15	0.00	Yield	561.43	Low	Worcester	United States	31-Dec-2017	13F
238	OxFORD Asset Management	60,851	0.02	32,645	115.74	4.14	2.22	Hedge Fund	3,579.91	High	Oxford	England	31-Dec-2017	13F
239	Raymond James Financial Services Advisors, Inc.	60,530	0.02	-844	-1.38	3.94	-0.05		17,388.28		St. Petersburg	United States	31-Mar-2018	13F
240	Hartford Investment Management Company	60,490	0.02	1,308	2.21	4.11	0.09	Core Growth	5,667.55	Low	Hartford	United States	31-Dec-2017	13F
241	JLB & Associates, Inc.	60,074	0.02	3,997	7.13	4.08	0.27	Core Growth	458.82	Low	Plymouth	United States	31-Dec-2017	13F
242	Scotia Capital Inc.	58,836	0.02	2,554	4.54	4.00	0.17	Broker-Dealer	7,317.06	Low	Toronto	Canada	31-Dec-2017	13F
243	SEB Investment Management AB	58,586	0.02	39	0.07	3.98	0.00	Core Growth	40,066.63	Low	Stockholm	Sweden	31-Dec-2017	13F
244	Fjärde AP-Fonden	58,458	0.02	9,771	20.07	3.97	0.66	Index	13,286.29	Low	Stockholm	Sweden	31-Dec-2017	13F
245	BlackRock (Netherlands) B.V.	58,068	0.02	-1,347	-2.27	3.95	-0.09	GARP	6,916.04	Low		Netherlands	31-Dec-2017	13F
246	Analytic Investors, LLC	58,028	0.02	-1,977	-3.29	3.94	-0.13	Deep Value	17,056.58	Moderate	Los Angeles	United States	31-Dec-2017	13F
247	Monongahela Capital Management	57,169	0.02	6,303	12.39	3.89	0.43	GARP	308.72	Low	Cranberry Township	United States	31-Dec-2017	13F
248	Pilnick (Gary H)	56,711	0.02	1,939	3.54	3.75	0.13		3.75	Low		United States	23-Feb-2018	Insider Update
249	Cardinal Capital Management Inc	56,559	0.02	1,193	2.15	3.84	0.08	Core Growth	330.45	Low	Raleigh	United States	31-Dec-2017	13F
250	Northwestern Mutual Investment Management Company LLC	56,185	0.02	472	0.85	3.82	0.03		6,047.60	Low	Milwaukee	United States	31-Dec-2017	13F
251	ClearArc Capital, Inc.	56,121	0.02	-16,122	-22.32	3.82	-1.10	Core Growth	15,245.05	Low	Cincinnati	United States	31-Dec-2017	13F
252	First Asset Investment Management, Inc.	55,841	0.02	-1,679	-2.92	3.63	-0.11		2,042.08	Low	Toronto	Canada	31-Mar-2018	Aggregate MFs
253	AXA Investment Managers UK Ltd.	55,600	0.02	50,403	969.85	3.78	3.43	Core Value	26,234.59	Low	London	England	31-Dec-2017	13F
254	A.R.T. Advisors, LLC	55,500	0.02	55,500	100.00	3.77	3.77	Hedge Fund	2,256.70	High	New York	United States	31-Dec-2017	13F
255	Vector Asset Management S.A.	55,000	0.02	55,000	100.00	3.64	3.64	GARP	354.75	High	Luxembourg	Luxembourg	28-Feb-2018	Aggregate MFs
256	Impax Asset Management LLC	54,137	0.02	33,456	161.77	3.68	2.27	Specialty	3,944.28	Low	Portsmouth	United States	31-Dec-2017	13F
257	Flippin, Bruce & Porter, Inc.	53,645	0.02	53,645	100.00	3.65	3.65	Core Value	470.82	Low	Lynchburg	United States	31-Dec-2017	13F
258	Perot Investments	53,249	0.02	0	0.00	3.62	0.00	Specialty	403.64	Moderate	Plano	United States	31-Dec-2017	13F
259	Rafferty Asset Management LLC	52,902	0.02	52,902	100.00	3.60	3.60	Growth	10,317.97	Moderate	New York	United States	31-Dec-2017	13F
260	Bank of Oklahoma, N.A.	52,748	0.02	9,031	20.66	3.59	0.61	Income Value	3,624.14	Low	Tulsa	United States	31-Dec-2017	13F
261	Folger Nolan Fleming Douglas Capital Management, Inc. (CMI)	52,651	0.02	-675	-1.27	3.58	-0.05	Core Growth	716.43	Moderate	Washington	United States	31-Dec-2017	13F
262	Los Angeles Capital Management And Equity Research, Inc.	51,891	0.02	-13,015	-20.05	3.53	-0.88	Deep Value	19,334.35	Moderate	Los Angeles	United States	31-Dec-2017	13F
263	Van Hulzen Asset Management	51,846	0.01	47,800	1,181.41	3.52	3.25	Hedge Fund	333.25	Moderate	El Dorado Hills	United States	31-Dec-2017	13F
264	Schroder Investment Management North America Inc.	51,500	0.01	-65,600	-56.02	3.50	-4.46	GARP	18,281.85	Low	New York	United States	31-Dec-2017	13F
265	Charter Trust Company	51,032	0.01	-24,185	-32.15	3.32	-1.57	Core Growth	816.20	Low	Concord	United States	31-Mar-2018	13F
266	J.P. Morgan Securities LLC	48,958	0.01	42,130	617.02	3.33	2.86	Broker-Dealer	38,194.48	Moderate	New York	United States	31-Dec-2017	13F
267	Summit Global Investments, LLC	48,957	0.01	-36,425	-42.66	3.33	-2.48		646.86	High	Bountiful	United States	31-Dec-2017	13F
268	Transamerica Financial Advisors, Inc.	48,569	0.01	-926	-1.87	3.30	-0.06	Aggres. Gr.	749.40	Moderate	St. Petersburg	United States	31-Dec-2017	13F
269	Metropolitan Life Insurance Co. (US)	48,481	0.01	-79,477	-62.11	3.30	-5.40	Index	10,290.98	Low	Morristown	United States	31-Dec-2017	13F

270	Grossbötzl, Schmitz & Partner Vermögensverwaltersozietät	48,400	0.01	0	0.00	3.20	0.00	Growth	249.26	Low	Düsseldorf	Germany	28-Feb-2018	Aggregate MFs
271	Public Employees' Retirement Association of CO	48,228	0.01	1,441	3.08	3.28	0.10	Index	15,684.29	Low	Denver	United States	31-Dec-2017	13F
272	Aberdeen Asset Investments Limited	47,788	0.01	1,286	2.77	3.25	0.09	Core Growth	93,330.98	Low	London	England	31-Dec-2017	13F
273	Nissay Asset Management Corp.	47,136	0.01	47,136	100.00	3.20	3.20	Core Growth	8,679.22	Moderate	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
274	THEAM	46,916	0.01	12,724	37.21	2.93	0.79		27,220.15	Low	Paris	France	30-Sep-2017	13F
275	Cornerstone Capital Management Holdings LLC	46,764	0.01	4,106	9.63	3.18	0.28	Core Growth	15,943.87	Moderate	New York	United States	31-Dec-2017	13F
276	Bridgewater Associates, LP	45,511	0.01	-147,522	-76.42	3.09	-10.03	Hedge Fund	12,605.64	Low	Westport	United States	31-Dec-2017	13F
277	Utah Retirement Systems	45,322	0.01	-100	-0.22	3.08	-0.01	Index	4,751.99	Low	Salt Lake City	United States	31-Dec-2017	13F
278	BNP Paribas Asset Management France SAS	45,300	0.01	30,850	213.49	3.08	2.10	Core Growth	41,425.74	Low	Paris	France	31-Dec-2017	13F
279	Aphilion	45,000	0.01	0	0.00	3.06	0.00		160.44	High	Brussels	Belgium	31-Jan-2018	Aggregate MFs
280	LGT Capital Partners Ltd.	44,734	0.01	44,734	100.00	3.22	3.22	GARP	8,804.09	Moderate	Pfäffikon	Switzerland	30-Nov-2016	Aggregate MFs
281	GAM Investment Management (Switzerland) AG	44,720	0.01	300	0.68	3.04	0.02	GARP	6,535.02	Low	Zurich	Switzerland	31-Dec-2017	13F
282	Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	44,102	0.01	457	1.05	3.00	0.03	Core Growth	43,117.59	Low	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
283	Quinn Opportunity Partners LLC	44,000	0.01	0	0.00	2.99	0.00		591.42	High	New York	United States	31-Dec-2017	13F
284	First Republic Investment Management, Inc.	43,738	0.01	-1,997	-4.37	2.97	-0.14	Growth	15,161.49	Low	San Francisco	United States	31-Dec-2017	13F
285	KBC Asset Management N.V.	43,318	0.01	13,026	43.00	3.01	0.90	Core Value	15,575.46	Low	Brussels	Belgium	30-Jun-2017	Aggregate MFs
286	Bridge Creek Capital Management LLC	43,228	0.01	2,775	6.86	2.81	0.18		186.85	Low	Barnstable	United States	31-Mar-2018	13F
287	DuPont Capital Management Corporation	43,070	0.01	32,070	291.55	2.93	2.18	Core Value	4,462.94	Moderate	Wilmington	United States	31-Dec-2017	13F
288	Mn Services Vermogensbeheer B.V	42,751	0.01	0	0.00	2.67	0.00	Core Growth	3,811.89	High	The Hague	Netherlands	30-Sep-2017	13F
289	Quadrature Capital LLP	42,440	0.01	-448	-1.04	2.89	-0.03	Hedge Fund	1,119.70	High	London	England	31-Dec-2017	13F
290	Cadence Capital Management, LLC	41,055	0.01	-15,408	-27.29	2.79	-1.05	Core Growth	1,728.38	Low	Boston	United States	31-Dec-2017	13F
291	Calamos Advisors LLC	40,903	0.01	1,944	4.99	2.66	0.13	Growth	12,531.15	Low	Naperville	United States	31-Mar-2018	13F
292	ProFund Advisors LLC	40,827	0.01	11,780	40.55	2.78	0.80	Index	17,283.08	Low	Bethesda	United States	31-Dec-2017	13F
293	The Commerce Trust Company	40,738	0.01	-1,539	-3.64	2.77	-0.10	GARP	7,594.71	Low	Clayton	United States	31-Dec-2017	13F
294	CIBC Asset Management Inc.	40,550	0.01	-1,845	-4.35	2.76	-0.13	Core Value	27,118.72	Low	Montreal	Canada	31-Dec-2017	13F
295	Irish Life Investment Managers Ltd.	39,801	0.01	0	0.00	2.71	0.00	Core Value	8,363.83	Low	Dublin	Ireland	31-Jan-2018	Aggregate MFs
296	DNB Asset Management AS	39,735	0.01	3,000	8.17	2.58	0.20	Growth	21,996.52	Low	Oslo	Norway	31-Mar-2018	13F
297	Stifel Nicolaus Investment Advisors	39,644	0.01	4,969	14.33	2.69	0.34	GARP	19,308.76	Low	St. Louis	United States	31-Dec-2017	13F
298	Bank of Nova Scotia	39,424	0.01	-5,180	-11.61	2.68	-0.35	Yield	23,283.61	Moderate	Toronto	Canada	31-Dec-2017	13F
299	City Holding Company	39,215	0.01	821	2.14	2.55	0.05		313.48	Low	Cross Lanes	United States	31-Mar-2018	13F
300	American Financial Group, Inc.	38,850	0.01	0	0.00	2.64	0.00	Deep Value	893.25	Low	Cincinnati	United States	31-Dec-2017	13F
301	Nomura Securities Co., Ltd.	38,728	0.01	7,980	25.95	2.63	0.54	Broker-Dealer	19,504.10	Moderate	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
302	ExxonMobil Investment Management, Inc.	38,110	0.01	-1,441	-3.64	2.48	-0.09	GARP	3,466.45	Low	Irving	United States	31-Mar-2018	13F
303	Aberdeen Asset Managers Ltd.	36,866	0.01	720	1.99	2.51	0.05	Core Growth	47,453.07	Low	London	England	31-Dec-2017	13F
304	American National Insurance Co	36,620	0.01	0	0.00	2.49	0.00	GARP	1,976.61	Low	Galveston	United States	31-Dec-2017	13F
305	Cognios Capital, LLC	35,821	0.01	2,623	7.90	2.44	0.18	Hedge Fund	264.62	High	Leawood	United States	31-Dec-2017	13F
306	Commonwealth Bank of Australia	35,562	0.01	-138	-0.39	2.42	-0.01	Core Growth	12,710.18	Low	Sydney	Australia	31-Dec-2017	13F
307	Arca SGR S.p.A.	35,300	0.01	-457	-1.28	2.34	-0.03	Core Growth	6,709.42	Moderate	Milan	Italy	28-Feb-2018	Aggregate MFs
308	Legg Mason Asset Management (Japan) Co., Ltd.	35,300	0.01	3,500	11.01	2.40	0.24	Core Growth	185.85	Low	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
309	Zurich Insurance Group	35,297	0.01	4,333	13.99	2.40	0.29		4,559.03	Low	Zurich	Switzerland	31-Dec-2017	13F
310	PineBridge Investments LLC	34,833	0.01	6,777	24.16	2.37	0.46	GARP	5,147.51	Moderate	New York	United States	31-Dec-2017	13F
311	Systematic Financial Management, L.P.	34,805	0.01	-225,995	-86.65	2.37	-15.36	Deep Value	5,662.65	Moderate	Teaneck	United States	31-Dec-2017	13F
312	Mason Street Advisors, LLC	34,648	0.01	152	0.44	2.36	0.01	Core Growth	4,718.29	Low	Milwaukee	United States	31-Dec-2017	13F
313	Ladenburg Thalmann Asset Management Inc. (LTAM)	34,375	0.01	10,760	45.56	2.34	0.73	Hedge Fund	10,459.50	Low	New York	United States	31-Dec-2017	13F
314	ID-Sparinvest A/S	33,976	0.01	2,243	7.07	2.31	0.15	Core Value	4,308.32	Low	Taastrup	Denmark	31-Jan-2018	Aggregate MFs
315	Twin Tree Management, LP	33,935	0.01	33,935	100.00	2.31	2.31	Core Value	1,170.31	High	Dallas	United States	31-Dec-2017	13F
316	The Dai-ichi Life Insurance Company, Limited	33,444	0.01	0	0.00	2.27	0.00	GARP	25,853.08	Low	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
317	TOBAM	33,409	0.01	-22,152	-39.87	2.27	-1.51	Index	5,688.79	Low	Paris	France	31-Dec-2017	13F
318	Tredje AP Fonden	33,373	0.01	-8,770	-20.81	2.27	-0.60	Core Growth	16,676.29	Moderate	Stockholm	Sweden	31-Dec-2017	13F
319	BlackRock (Singapore) Limited	32,347	0.01	23,689	273.61	2.20	1.61	Core Growth	15,960.69	High	Singapore	Singapore	31-Dec-2017	13F
320	Amalgamated Bank Institutional Asset Management & Custody	32,212	0.01	2,444	8.21	2.19	0.17	Core Value	3,684.31	Low	New York	United States	31-Dec-2017	13F
321	Susquehanna Financial Group, LLLP	32,079	0.01	-98,272	-75.39	2.18	-6.68	Broker-Dealer	27,159.83	High	Bala Cynwyd	United States	31-Dec-2017	13F
322	PIMCO (US)	31,740	0.01	-18,789	-37.18	2.16	-1.28	Yield	38,776.77	Moderate	Newport Beach	United States	31-Dec-2017	13F
323	Jenness (JamesM)	31,369	0.01	-92,711	-74.72	2.14	-6.31		6.02	Low		United States	15-Jan-2018	Proxy
324	A.N. Culbertson & Company, Inc.	31,314	0.01	-370	-1.17	2.04	-0.02	Core Value	334.34	Low	Charlottesville	United States	31-Mar-2018	13F
325	Mutual of America Capital Management LLC	31,262	0.01	313	1.01	2.13	0.02	Core Growth	6,544.58	Low	New York	United States	31-Dec-2017	13F
326	Comerica, Inc.	31,257	0.01	-5,903	-15.89	2.12	-0.40	GARP	6,400.74	Low	Dallas	United States	31-Dec-2017	13F
327	Advisor Group, Inc	31,131	0.01	22,121	245.52	2.12	1.50		7,470.64	Low	New York	United States	31-Dec-2017	13F
328	Paloma Partners Management Company	30,970	0.01	-65,527	-67.91	2.11	-4.45	Hedge Fund	2,537.85	High	Greenwich	United States	31-Dec-2017	13F
329	ClearBridge Investments, LLC	30,963	0.01	-718	-2.27	2.10	-0.05	GARP	111,238.33	Low	New York	United States	31-Dec-2017	13F
330	Xact Kapitalforvaltning AB	30,863	0.01	7,889	34.34	2.10	0.54		5,425.92	Low	Stockholm	Sweden	31-Dec-2017	13F
331	OppenheimerFunds, Inc.	30,816	0.01	3,938	14.65	2.09	0.27	GARP	170,902.07	Low	New York	United States	31-Dec-2017	13F
332	Knauss (Donald R)	29,977	0.01	3,095	11.51	2.04	0.21		3.25	Low		United States	15-Jan-2018	Proxy
333	State Street Global Advisors Ltd. (Canada)	29,876	0.01	2,143	7.73	1.94	0.14	Index	5,590.55	Low	Montreal	Canada	31-Mar-2018	Aggregate MFs
334	St. James's Place Wealth Management Plc	29,739	0.01	-8,419	-22.06	2.30	-0.65	GARP	9,696.87	Low	Gloucester	England	30-Sep-2016	Aggregate MFs
335	Janney Montgomery Scott LLC	29,654	0.01	2,372	8.69	1.93	0.15	Broker-Dealer	9,932.04	Low	Philadelphia	United States	31-Mar-2018	13F
336	Fideuram Asset Management (Ireland) dac	29,095	0.01	-38,851	-57.18	1.93	-2.57	GARP	9,735.34	Moderate	Dublin	Ireland	28-Feb-2018	Aggregate MFs
337	1919 Investment Counsel, LLC	29,020	0.01	74	0.26	1.97	0.01	GARP	7,131.28	Low	Baltimore	United States	31-Dec-2017	13F
338	Eurizon Capital SGR S.p.A.	28,966	0.01	-141,476	-83.01	1.92	-9.37	Core Growth	16,663.38	Moderate	Milan	Italy	28-Feb-2018	Aggregate MFs
339	Validea Capital Management, LLC	28,851	0.01	0	0.00	1.89	0.00	Core Value	1,426.40	High	West Hartford	United States	31-Aug-2017	Aggregate MFs
340	Fort Washington Investment Advisors, Inc.	28,837	0.01	-90	-0.31	1.96	-0.01	GARP	10,319.07	Low	Cincinnati	United States	31-Dec-2017	13F
341	Golden Capital Management, L.L.C.	28,788	0.01	4,703	19.53	1.96	0.32	Core Value	7,152.42	Low	Charlotte	United States	31-Dec-2017	13F
342	MEAG Munich ERGO Kapitalanlagegesellschaft mbH	28,678	0.01	-16,529	-36.56	1.95	-1.12	Core Value	4,540.04	Moderate	Munich	Germany	31-Dec-2017	13F
343	Stone Ridge Asset Management LLC	28,203	0.01	28,203	100.00	1.92	1.92		2,138.89	High	New York	United States	31-Dec-2017	13F
344	Bayesian Capital Management, LP	28,200	0.01	-33,100	-54.00	1.92	-2.25		489.45	High	Brooklyn	United States	31-Dec-2017	13F
345	Crossmark Global Investments, Inc	27,937	0.01	-7,029	-20.10	1.82	-0.46	Core Growth	3,853.05	Low	Houston	United States	31-Mar-2018	13F
346	Financial Engines Advisors LLC	27,665	0.01	6,642	31.59	1.88	0.45	GARP	3,307.41	Moderate	Palo Alto	United States	31-Dec-2017	13F
347	Kentucky Teachers' Retirement System	27,500	0.01	0	0.00	1.87	0.00	Index	8,504.84	Low	Frankfort	United States	31-Dec-2017	13F
348	CPR Asset Management	27,190	0.01	-2,100	-7.17	2.11	-0.16	Core Growth	12,180.69	Low	Paris	France	30-Sep-2016	13F
349	Central Trust & Investment Company	27,089	0.01	621	2.35	1.76	0.04	Core Value	1,574.63	Low	St. Louis	United States	31-Mar-2018	13F
350	Principal Funds, Inc.	27,051	0.01	15,762	139.62	1.79	1.04		35,162.23	Moderate	Des Moines	United States	28-Feb-2018	Aggregate MFs
351	BP Investment Management Limited	27,000	0.01	-3,000	-10.00	1.84	-0.20	Core Growth	2,815.93	Low	London	England	31-Dec-2017	13F
352	Oregon Public Employees Retirement System	26,961	0.01	430	1.62	1.75	0.03	Core Growth	6,630.48	Low	Salem	United States	31-Mar-2018	13F
353	Paradigm Asset Management Company, L.L.C.	26,560	0.01	-850	-3.10	1.81	-0.06	Income Value	363.17	Moderate	White Plains	United States	31-Dec-2017	13F
354	Berkshire Asset Management, LLC	26,433	0.01	91	0.35	1.80	0.01	Core Value	1,031.50	Low	Wilkes Barre	United States	31-Dec-2017	13F
355	Baird Investment Management	26,413	0.01	7,778	41.74	1.80	0.53	Core Growth	14,323.35	Low	Milwaukee	United States	31-Dec-2017	13F
356	Stadion Money Management, LLC	26,130	0.01	-1,444	-5.24	1.78	-0.10	Specialty	3,130.22	Moderate	Watkinsville	United States	31-Dec-2017	13F
357	LVM Capital Management, Ltd.	25,862	0.01	0	0.00	1.68	0.00	Core Value	433.33	Low	Portage	United States	31-Mar-2018	13F
358	Hirst (Alistair D)	25,565	0.01	-1,829	-6.68	1.69	-0.12		1.69	Low		United States	23-Feb-2018	Insider Update
359	Quantbot Technologies, LP	25,563	0.01	-42,391	-62.38	1.74	-2.88	Core Growth	1,077.68	High	New York	United States	31-Dec-2017	13F
360	LPL Financial LLC	25,209	0.01	1,026	4.24	1.71	0.07	GARP	32,762.28	Moderate	Boston	United States	31-Dec-2017	13F
361	Advantus Capital Management, Inc.	25,137	0.01	60	0.24	1.71	0.00	Core Growth	4,237.74	Low	St. Paul	United States	31-Dec-2017	13F
362	Jefferies LLC	25,007	0.01	-109,921	-81.47	1.70	-7.47	Broker-Dealer	5,529.54	High	New York	United States	31-Dec-2017	13F
363	AEGON Investment Management B.V.	24,642	0.01	-399	-1.59	1.68	-0.03	Core Growth	5,725.07	Low	The Hague	Netherlands	31-Dec-2017	Aggregate MFs
364	Aviva Investors London Ltd	24,450	0.01	0	0.00	1.52	0.00	Core Growth	98.56	Moderate	Westborough	United States	30-Sep-2017	13F
365	Aviva Italia Holding SpA	24,450	0.01	24,450	100.00	1.66	1.66		107.11		Milan	Italy	31-Dec-2017	13F
366	Bennicas and Associates	24,250	0.01	-750	-3.00	1.65	-0.05	Core Value	114.77	Low	Woodside	United States	31-Dec-2017	13F
367	HL Financial Services LLC	23,994	0.01	-4,284	-15.15	1.63	-0.29	Core Growth	5,151.97	Low	Louisville	United States	31-Dec-2017	13F
368	Boston Family Office, LLC	23,975	0.01	25	0.10	1.63	0.00	Core Growth	906.59	Low	Boston	United States	31-Dec-2017	13F
369	New Mexico Educational Retirement Board	23,890	0.01	400	1.70	1.62	0.03	Index	2,636.93	Low	Albuquerque	United States	31-Dec-2017	13F
370	Integrated Wealth Management	23,852	0.01	-100	-0.42	1.73	-0.01		298.24		Palm Springs	United States	31-Mar-2017	13F
371	Sun Life Assurance Company of Canada (Toronto)	23,795	0.01	10,069	73.36	1.62	0.68	Core Growth	1,044.99	Low	Toronto	Canada	31-Dec-2017	13F
372	Meiji Yasuda Asset Management Company Ltd.	23,785	0.01	-1,100	-4.42	1.62	-0.07	Core Growth	2,143.76	Low	Minato-ku (Tokyo)	Japan	31-Dec-2017	13F
373	Amundi Investment Solutions	23,710	0.01	7,781	48.85	1.57	0.52		2,917.57	Low	Paris	France	28-Feb-2018	Aggregate MFs
374	PNC Capital Advisors, LLC	23,605	0.01	18,685	379.78	1.60	1.27	Core Value	11,760.82	Low	Baltimore	United States	31-Dec-2017	13F
375	Toth Financial Advisory Corporation	23,349	0.01	170	0.73	1.59	0.01	Core Growth	417.87	Low	Leesburg	United States	31-Dec-2017	13F
376	Kiwi Wealth Investments Limited Partnership	23,293	0.01	23,293	100.00	1.58	1.58	Deep Value	913.62	High	Wellington	New Zealand	31-Dec-2017	13F
377	Pittenger & Anderson, Inc.	23,160	0.01	3,075	15.31	1.57	0.21	Core Value	1,142.79	Low	Lincoln	United States	31-Dec-2017	13F
378	Numeric Investors LLC	23,000	0.01	7,500	48.39	1.56	0.51	Core Value	14,520.43	Moderate	Boston	United States	31-Dec-2017	13F
379	Brandywine Trust Company, LLC	22,860	0.01	0	0.00	1.55	0.00	Core Value	473.56	Low	Hockessin	United States	31-Dec-2017	13F
380	Pennsylvania Public School Employees Retirement System	22,249	0.01	2,040	10.09	1.51	0.14	Index	7,014.67	Low	Harrisburg	United States	31-Dec-2017	13F
381	Professionals Financial Inc.	22,100	0.01	22,100	100.00	1.46	1.46	Income Value	815.07	Moderate	Montreal	Canada	30-Nov-2017	Aggregate MFs
382	Engineers Gate Manager, L.P.	22,073	0.01	-10,985	-33.23	1.50	-0.75	Hedge Fund	1,443.48	High	New York	United States	31-Dec-2017	13F
383	GLG Partners LP	21,854	0.01	-10,697	-32.86	1.49	-0.73	Hedge Fund	11,393.61	Moderate	London	England	31-Dec-2017	13F
384	Amica Mutual Insurance Company	21,611	0.01	-5,484	-20.24	1.47	-0.37	Core Value	1,881.82	Low	Lincoln	United States	31-Dec-2017	13F
385	Banati (Amit)	21,611	0.01	308	1.45	1.45	0.02		1.45	Low		United Kingdom	23-Feb-2018	Insider Update
386	Squarepoint Capital LLP	21,366	0.01	21,366	100.00	1.45	1.45		5,617.23	High	London	England	31-Dec-2017	13F
387	Regions Investment Management, Inc.	21,195	0.01	-88	-0.41	1.38	-0.01	Core Growth	8,909.88	Low	Birmingham	United States	31-Mar-2018	13F
388	Lyxor Asset Management	21,073	0.01	20,830	8,572.02	1.37	1.35	Index	60,507.02	Moderate	Paris	France	31-Mar-2018	Aggregate MFs
389	Cypress Wealth Services LLC	20,989	0.01	20,989	100.00	1.43	1.43		240.70		Palm Desert	United States	31-Dec-2017	13F
390	Balyasny Asset Management LP	20,926	0.01	-42,917	-67.22	1.42	-2.92	Hedge Fund	27,762.40	High	Chicago	United States	31-Dec-2017	13F
391	NorthCoast Asset Management LLC	20,839	0.01	-872	-4.02	1.42	-0.06	Hedge Fund	1,122.51	High	Greenwich	United States	31-Dec-2017	13F
392	Franklin Equity Group	20,817	0.01	-2,030	-8.89	1.42	-0.14	Core Growth	14,521.24	Low	New York	United States	31-Dec-2017	13F
393	Columbia Threadneedle Investments (UK)	20,685	0.01	20,685	100.00	1.37	1.37	Core Growth	110,241.48	Low	London	England	28-Feb-2018	Aggregate MFs
394	NORINCHUKIN BANK	20,608	0.01	1,392	7.24	1.40	0.09	Index	8,853.93	Low	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
395	Bowling Portfolio Management LLC	20,435	0.01	20,435	100.00	1.39	1.39	Specialty	749.42	High	Cincinnati	United States	31-Dec-2017	13F
396	Private Wealth Partners, LLC	20,400	0.01	100	0.49	1.39	0.01	GARP	540.53	Low	Larkspur	United States	31-Dec-2017	13F
397	Rathbone Investment Management Ltd.	20,235	0.01	90	0.45	1.32	0.01	Yield	6,518.70	Low	London	England	31-Mar-2018	13F
398	Stonebridge Capital Management, Inc.	20,225	0.01	0	0.00	1.31	0.00	Core Growth	268.83	Low	Los Angeles	United States	31-Mar-2018	13F
399	Wolverine Trading, LLC	20,152	0.01	8,970	80.22	1.37	0.61		3,900.04	High	Chicago	United States	31-Dec-2017	13F
400	Hallmark Capital Management, Inc.	20,111	0.01	-900	-4.28	1.37	-0.06	Core Value	831.29	Low	Wayne	United States	31-Dec-2017	13F
401	CIBC Atlantic Trust Private Wealth Management	19,604	0.01	-5,323	-21.35	1.33	-0.36	Growth	23,313.19	Low	Boston	United States	31-Dec-2017	13F
402	Flinton Capital Management LLC	19,482	0.01	578	3.06	1.32	0.04		2,939.50	Low	Philadelphia	United States	31-Dec-2017	13F
403	Crestline Investors, Inc.	19,400	0.01	19,400	100.00	1.32	1.32	Hedge Fund	624.64	High	Fort Worth	United States	31-Dec-2017	13F
404	Riverhead Capital Management LLC	19,152	0.01	458	2.45	1.30	0.03	Core Growth	2,328.71	Moderate	Wilmington	United States	31-Dec-2017	13F
405	Mirova	19,091	0.01	-2,083	-9.84	1.30	-0.14		3,393.38	Low	Paris	France	31-Dec-2017	13F
406	Sumitomo Mitsui Asset Management Company, Limited	18,974	0.01	-432	-2.23	1.29	-0.03	GARP	16,326.59	Low	Minato-ku (Tokyo)	Japan	31-Dec-2017	13F
407	Clifford Swan Investment Counselors	18,586	0.01	0	0.00	1.26	0.00	Core Growth	1,834.32	Low	Pasadena	United States	31-Dec-2017	13F
408	D. E. Shaw & Co., L.P.	18,568	0.01	18,568	100.00	1.26	1.26	Hedge Fund	54,630.10	Moderate	New York	United States	31-Dec-2017	13F
409	Mejia (Maria Fernanda)	18,546	0.01	1,028	5.87	1.23	0.07		1.23	Low		United States	23-Feb-2018	Insider Update

410	EOS Partners, L.P.	18,524	0.01	18,524	100.00	1.26	1.26	Hedge Fund	367.93	Low	New York	United States	31-Dec-2017	13F
411	Manulife Asset Management (Asia)	18,480	0.01	0	0.00	1.26	0.00	Deep Value	4,082.25	Moderate	Causeway Bay (Hong Kong)	Hong Kong SAR	31-Dec-2017	13F
412	BMO Global Asset Management	18,394	0.01	2,813	18.05	1.20	0.18	Growth	17,147.95	Moderate	London	England	31-Mar-2018	13F
413	Frost Investment Advisors, LLC	18,294	0.01	253	1.40	1.24	0.02	Income Value	3,190.62	Low	San Antonio	United States	31-Dec-2017	13F
414	Pacer Advisors, Inc.	18,148	0.01	4,163	29.77	1.23	0.28	Index	1,503.43	Moderate	Paoli	United States	31-Dec-2017	13F
415	Creative Planning, Inc.	18,127	0.01	6	0.03	1.18	0.00	Deep Value	24,528.73	Low	Leawood	United States	31-Mar-2018	13F
416	Brown Brothers Harriman & Company	17,918	0.01	-910	-4.83	1.22	-0.06	Core Growth	18,634.47	Low	New York	United States	31-Dec-2017	13F
417	Summit Water Capital Advisors	17,700	0.01	0	0.00	1.37	0.00	Income Value	124.05	Low	La Jolla	United States	30-Sep-2016	Aggregate MFs
418	First Eagle Investment Management, L.L.C.	17,500	0.01	0	0.00	1.19	0.00	Core Value	76,027.43	Low	New York	United States	31-Dec-2017	13F
419	Jarislowsky Fraser, Ltd.	17,148	0.00	46	0.27	1.17	0.00	Core Value	18,520.66	Low	Montreal	Canada	31-Dec-2017	13F
420	Hightower Advisors, LLC	16,986	0.00	912	5.67	1.15	0.06	Core Growth	12,141.34	Low	Chicago	United States	31-Dec-2017	13F
421	Sentry Investment Management, L.L.C.	16,921	0.00	0	0.00	1.15	0.00	Core Growth	1,833.55	Low	Stevens Point	United States	31-Dec-2017	13F
422	Private Advisor Group LLC	16,909	0.00	-8,124	-32.45	1.15	-0.55		2,328.01	Moderate	Morristown	United States	31-Dec-2017	13F
423	Wheatland Advisors, Inc.	16,810	0.00	16,810	100.00	1.14	1.14		120.02	Low	Lancaster	United States	31-Dec-2017	13F
424	Wilmington Trust Investment Advisors, Inc.	16,778	0.00	-427	-2.48	1.14	-0.03	Core Value	4,480.17	Low	Baltimore	United States	31-Dec-2017	13F
425	Day Hagan Asset Management	16,403	0.00	16,403	100.00	1.07	1.07		168.83	Moderate	Sarasota	United States	31-Mar-2018	13F
426	Tyers Asset Management LLC	16,044	0.00	476	3.06	1.09	0.03		2,852.16	Low	Austin	United States	31-Dec-2017	13F
427	AcomeA SGR S.p.A.	16,000	0.00	8,500	113.33	1.06	0.56	Growth	347.62	Moderate	Milan	Italy	28-Feb-2018	Aggregate MFs
428	Cahillane (Steven A)	15,930	0.00	15,930	100.00	1.08	1.08		1.08			United States	15-Jan-2018	Proxy
429	Peoples Financial Services Corp.	15,600	0.00	100	0.65	1.06	0.01		182.76	Low	Halstead	United States	31-Dec-2017	13F
430	RBV GmbH	15,500	0.00	0	0.00	1.06	0.00	Growth	57.97	Low	Gronau	Germany	31-Jan-2018	Aggregate MFs
431	MML Investors Services, LLC	15,497	0.00	5,451	54.26	1.05	0.37		5,221.85	High	Springfield	United States	31-Dec-2017	13F
432	Gateway Investment Advisers, LLC	15,462	0.00	-2,044	-11.68	1.01	-0.13	Index	11,284.01	Low	Cincinnati	United States	31-Mar-2018	13F
433	Kentucky Retirement Systems	15,339	0.00	-146	-0.94	1.04	-0.01	Index	1,403.74	Low	Frankfort	United States	31-Dec-2017	13F
434	Louisiana State Employees' Retirement System	15,200	0.00	100	0.66	0.99	0.01	Index	2,202.67	Low	Baton Rouge	United States	31-Mar-2018	13F
435	Michael Pintarelli Finanzdienstleistungen AG	15,000	0.00	3,000	25.00	1.07	0.21		213.67	Low	Wuppertal	Germany	30-Apr-2017	Aggregate MFs
436	Structured Invest S.A.	15,000	0.00	15,000	100.00	1.11	1.11		301.63	High	Luxembourg	Luxembourg	31-Dec-2016	Aggregate MFs
437	CIBC World Markets Inc.	14,666	0.00	-17,507	-54.42	1.00	-1.19	Broker-Dealer	19,659.69	Moderate	Toronto	Canada	31-Dec-2017	13F
438	Dowling & Yahnke, LLC	14,640	0.00	-3,080	-17.38	1.00	-0.21	Core Value	1,106.48	Low	San Diego	United States	31-Dec-2017	13F
439	Legal & General Investment Management America Inc.	14,617	0.00	0	0.00	0.99	0.00	Core Value	1,369.64	Low	Chicago	United States	31-Dec-2017	Aggregate MFs
440	Franklin Templeton Investment Management Ltd.	14,600	0.00	14,600	100.00	0.99	0.99	Core Value	9,724.14	Low	Edinburgh	Scotland	31-Dec-2017	13F
441	Johnson Investment Counsel, Inc.	14,565	0.00	-991	-6.37	0.99	-0.07	GARP	4,018.52	Low	Cincinnati	United States	31-Dec-2017	13F
442	Deutsche Bank Securities Inc.	14,467	0.00	-6,612	-31.37	0.98	-0.45	Broker-Dealer	5,256.94	High	Baltimore	United States	31-Dec-2017	13F
443	State Street Global Advisors (France) S.A.	14,450	0.00	0	0.00	0.96	0.00	Index	3,659.03	Low	La Défense	France	28-Feb-2018	Aggregate MFs
444	Huntington Private Financial Group	14,356	0.00	-1,470	-9.29	0.98	-0.10	Core Value	6,255.85	Low	Columbus	United States	31-Dec-2017	13F
445	Russell Investments Limited	14,338	0.00	-58,175	-80.23	0.95	-3.85	Core Value	11,499.23	Moderate	London	England	28-Feb-2018	Aggregate MFs
446	Holocene Advisors, LP	14,252	0.00	14,252	100.00	0.97	0.97	Hedge Fund	3,547.98		New York	United States	31-Dec-2017	13F
447	Vaughan Nelson Investment Management, L.P.	14,216	0.00	-1,938	-12.00	0.94	-0.13	Core Growth	11,868.55	Moderate	Houston	United States	28-Feb-2018	Aggregate MFs
448	FFCM LLC	14,197	0.00	3,612	34.12	0.97	0.25	Core Growth	639.76	Low	Boston	United States	31-Dec-2017	13F
449	MLC Investments Limited	14,171	0.00	-497	-3.39	0.96	-0.03	Growth	14,891.27	Low	Sydney	Australia	31-Dec-2017	Aggregate MFs
450	Brown Advisory	14,086	0.00	1,222	9.50	0.96	0.08	GARP	31,684.29	Low	Baltimore	United States	31-Dec-2017	13F
451	Employees Retirement System of Texas	14,000	0.00	-1,000	-6.67	0.95	-0.07	Core Value	8,174.91	Low	Austin	United States	31-Dec-2017	13F
452	David Wendell Associates, Inc.	13,900	0.00	0	0.00	0.90	0.00	Growth	555.21	Low	Portsmouth	United States	31-Mar-2018	13F
453	Old Mutual Customised Solutions (Pty) Ltd	13,884	0.00	4,900	54.54	0.94	0.33	Index	1,091.94	Low		South Africa	31-Dec-2017	13F
454	Chemical Bank	13,880	0.00	-70	-0.50	0.94	0.00	Yield	927.81	Low	Midland	United States	31-Dec-2017	13F
455	Siemens Fonds Invest GmbH	13,836	0.00	981	7.63	0.92	0.06	Core Growth	946.97	Moderate	Munich	Germany	28-Feb-2018	Aggregate MFs
456	Laschinger (Mary A)	13,752	0.00	2,528	22.52	0.94	0.17		2.88	Low		United States	15-Jan-2018	Proxy
457	Cornerstone Advisors, Inc. (NC)	13,700	0.00	0	0.00	0.93	0.00	Growth	901.12	Moderate	Asheville	United States	31-Dec-2017	13F
458	Northwest Investment Counselors LLC	13,628	0.00	-43	-0.31	0.89	0.00	GARP	238.71	Low	Lake Oswego	United States	31-Mar-2018	13F
459	MacKay Shields LLC	13,612	0.00	0	0.00	0.90	0.00	GARP	6,634.99	Moderate	New York	United States	28-Feb-2018	Aggregate MFs
460	Neuberger Berman, LLC	13,593	0.00	1,769	14.96	0.92	0.12	GARP	91,861.89	Low	New York	United States	31-Dec-2017	13F
461	Daiwa Asset Management Co., Ltd.	13,591	0.00	5,492	67.81	0.92	0.37	GARP	80,269.54	Low	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
462	IndexIQ Advisors LLC	13,579	0.00	-27,894	-67.26	0.92	-1.90	GARP	4,036.92	High	Rye Brook	United States	31-Dec-2017	13F
463	Dissinger (Ronald L)	13,529	0.00	-16,490	-54.93	0.92	-1.12		0.92	Low		United States	15-Jan-2018	Proxy
464	IKC Fonder AB	13,500	0.00	0	0.00	0.89	0.00		693.88	Moderate	Malmö	Sweden	28-Feb-2018	Aggregate MFs
465	Constance Associés S.A.S.	13,400	0.00	0	0.00	0.89	0.00		60.09	Moderate	Paris	France	28-Feb-2018	Aggregate MFs
466	Blue Sky Asset Management, LLC	13,350	0.00	13,350	100.00	0.91	0.91		190.41	High	Greenwood	United States	31-Dec-2017	13F
467	Canandaigua National Bank & Trust Company	13,306	0.00	-50	-0.37	0.90	0.00	Core Value	554.22	Low	Canandaigua	United States	31-Dec-2017	13F
468	CTC myCFO, LLC	13,296	0.00	-1,406	-9.56	0.86	-0.09	Core Growth	4,399.48	Low	Palo Alto	United States	31-Mar-2018	13F
469	Independent Financial Partners	13,211	0.00	-4,563	-25.67	0.90	-0.31	Growth	2,193.71	Low	Tampa	United States	31-Dec-2017	13F
470	Koch Industries, Inc.	13,200	0.00	7,342	125.33	0.90	0.50	Core Growth	773.13	High	Wichita	United States	31-Dec-2017	13F
471	New England Research & Management, Inc.	13,160	0.00	0	0.00	0.86	0.00	Core Growth	149.23	Moderate	Chicago	United States	31-Mar-2018	13F
472	Milligan (Cynthia H)	13,143	0.00	2,497	23.45	0.90	0.17		6.72	Low		United States	15-Jan-2018	Proxy
473	HighMark Capital Management Inc.	12,978	0.00	-1,360	-9.49	0.88	-0.09	Income Value	3,379.50	Low	San Francisco	United States	31-Dec-2017	13F
474	Highstreet Asset Management Inc.	12,871	0.00	12,871	100.00	0.87	0.87	GARP	2,878.93	Moderate	London	Canada	31-Dec-2017	13F
475	LS Investment Advisors, LLC	12,856	0.00	-14,746	-53.42	0.87	-1.00	Core Growth	1,718.74	Low	Bloomfield Hills	United States	31-Dec-2017	13F
476	INVESCO Asset Management Deutschland GmbH	12,809	0.00	738	6.11	0.87	0.05	Core Value	13,221.89	Low	Frankfurt	Germany	31-Dec-2017	13F
477	State Teachers Retirement System of Ohio	12,805	0.00	-93	-0.72	0.87	-0.01	Core Value	23,542.03	Low	Columbus	United States	31-Dec-2017	13F
478	Neuburgh Advisers LLC	12,606	0.00	374	3.06	0.86	0.03		2,788.15	Low	Los Angeles	United States	31-Dec-2017	13F
479	Miller Investment Management, LP	12,500	0.00	0	0.00	0.85	0.00	Hedge Fund	328.01	Low	West Conshohocken	United States	31-Dec-2017	13F
480	Gerald L. Ray & Associates, Ltd.	12,175	0.00	0	0.00	0.83	0.00	Core Growth	826.16	Low	Dallas	United States	31-Dec-2017	13F
481	Sage Capital Advisors, LLC	12,050	0.00	0	0.00	0.82	0.00		154.32	Low	La Jolla	United States	31-Dec-2017	13F
482	Generali Investments CEE, a.s.	12,008	0.00	-2,057	-14.62	0.99	-0.17	Core Value	271.60	Low	Prague	Czech Republic	31-Aug-2016	Aggregate MFs
483	Degroof Petercam Asset Management	11,955	0.00	-829	-6.48	0.81	-0.06	GARP	10,932.57	Low	Brussels	Belgium	31-Dec-2017	Aggregate MFs
484	Danske Capital	11,937	0.00	1,849	18.33	0.79	0.12	Core Growth	13,058.15	Low	Lyngby	Denmark	28-Feb-2018	Aggregate MFs
485	Everett Harris & Co.	11,921	0.00	150	1.27	0.81	0.01	Core Growth	3,587.54	Low	Los Angeles	United States	31-Dec-2017	13F
486	Zeke Capital Advisors, LLC	11,819	0.00	6,003	103.22	0.80	0.41	Yield	952.46	Moderate	Berwyn	United States	31-Dec-2017	13F
487	Asset Management One Co., Ltd.	11,790	0.00	11,790	100.00	0.80	0.80	Growth	84,897.60	Low	Chiyoda-ku (Tokyo)	Japan	31-Dec-2017	13F
488	GFS Advisors LLC	11,600	0.00	0	0.00	0.79	0.00	Yield	461.79	Low	Houston	United States	31-Dec-2017	13F
489	Stephens Capital Management	11,600	0.00	-1,023	-8.10	0.79	-0.07	Deep Value	2,669.20	Low	Little Rock	United States	31-Dec-2017	13F
490	Fulton Financial Advisors, N.A.	11,550	0.00	0	0.00	0.79	0.00	Core Value	1,379.05	Low	Lancaster	United States	31-Dec-2017	13F
491	Wilmington Trust Investment Management LLC	11,544	0.00	-858	-6.92	0.78	-0.06	Core Value	8,432.97	Low	Atlanta	United States	31-Dec-2017	13F
492	Synovus Trust Company, N.A.	11,439	0.00	-750	-6.15	0.78	-0.05	Aggres. Gr.	4,086.26	Low	Columbus	United States	31-Dec-2017	13F
493	Northwestern Mutual Capital, LLC	11,431	0.00	7,759	211.30	0.78	0.53	Core Growth	15,895.99	Low	Milwaukee	United States	31-Dec-2017	13F
494	Barings LLC	11,403	0.00	0	0.00	0.78	0.00	Core Value	5,026.37	High	Boston	United States	31-Dec-2017	13F
495	Rational Advisors, Inc.	11,300	0.00	2,500	28.41	0.77	0.17		203.99	High	Huntington	United States	31-Dec-2017	13F
496	Creegan & Nassoura Financial Group, LLC	11,235	0.00	0	0.00	0.87	0.00		83.86		Portsmouth	United States	30-Sep-2016	13F
497	D.A. Davidson & Co.	11,206	0.00	-553	-4.70	0.76	-0.04	Broker-Dealer	4,746.22	Low	Lake Oswego	United States	31-Dec-2017	13F
498	Handelsbanken Asset Management	11,191	0.00	-19,672	-63.74	0.74	-1.30	Core Growth	44,408.26	Low	Stockholm	Sweden	28-Feb-2018	Aggregate MFs
499	Swisscanto Fondsleitung AG	11,174	0.00	47	0.42	0.76	0.00	GARP	5,485.05	Moderate	Zurich	Switzerland	31-Jan-2018	Aggregate MFs
500	Town & Country Bank & Trust Co.	11,000	0.00	-100	-0.90	0.72	-0.01	Yield	189.82	Low	Louisville	United States	31-Mar-2018	13F
501	Mawer Investment Management Ltd.	10,991	0.00	0	0.00	0.73	0.00	GARP	26,636.73	Low	Calgary	Canada	30-Nov-2017	Aggregate MFs
502	Sanlam Investment Management (Pty) Ltd.	10,885	0.00	0	0.00	0.72	0.00	Core Value	7,280.23	Low		South Africa	28-Feb-2018	Aggregate MFs
503	Oppenheimer Asset Management Inc.	10,820	0.00	-4	-0.04	0.74	0.00	Core Value	7,857.99	Low	New York	United States	31-Dec-2017	13F
504	Walleye Trading, LLC	10,618	0.00	-15,103	-58.72	0.72	-1.03	Broker-Dealer	2,982.24	High	Plymouth	United States	31-Dec-2017	13F
505	Trustmark Investment Advisors, Inc.	10,580	0.00	0	0.00	0.72	0.00	Specialty	908.78	Low	Jackson	United States	31-Dec-2017	13F
506	RNC Capital Management LLC	10,501	0.00	1,785	20.48	0.68	0.12	Core Value	1,361.65	Low	Los Angeles	United States	31-Mar-2018	13F
507	Everence Capital Management, Inc.	10,489	0.00	-308	-2.85	0.71	-0.02	Core Value	497.14	Low	Goshen	United States	31-Dec-2017	13F
508	Wells Capital Management Inc.	10,477	0.00	-627	-5.65	0.71	-0.04	Core Value	68,020.05	Low	San Francisco	United States	31-Dec-2017	13F
509	Goldman Sachs Bank AG	10,434	0.00	-3,632	-25.82	0.71	-0.25	Growth	3,700.23	Low	Zurich	Switzerland	31-Dec-2017	13F
510	Solidar Fonder AB	10,373	0.00	0	0.00	0.69	0.00		83.94	Moderate	Malmö	Sweden	28-Feb-2018	Aggregate MFs
511	Sigma Planning Corporation	10,300	0.00	4,019	63.99	0.70	0.27		1,285.66	Low	Ann Arbor	United States	31-Dec-2017	13F
512	Capital Investment Advisors, LLC	10,258	0.00	186	1.85	0.67	0.01		1,520.61	Moderate	Atlanta	United States	31-Mar-2018	13F
513	State Street Global Advisors (Japan) Co., Ltd.	10,200	0.00	10,200	100.00	0.73	0.73	Index	4,100.19	Low	Minato-ku (Tokyo)	Japan	30-Nov-2016	Aggregate MFs
514	WesBanco Bank, Inc.	10,128	0.00	1,320	14.99	0.69	0.09	Core Value	1,516.65	Low	Wheeling	United States	31-Dec-2017	13F
515	Thrivent Asset Management, LLC	10,044	0.00	194	1.97	0.68	0.01	GARP	33,232.76	Low	Minneapolis	United States	31-Dec-2017	13F
516	ETFS Management Aus Ltd	10,027	0.00	447	4.67	0.65	0.03		155.02	Moderate	Sydney	Australia	31-Mar-2018	Aggregate MFs
517	Stonebridge Capital Advisors, LLC	10,000	0.00	10,000	100.00	0.68	0.68	Core Growth	456.53	Low	St. Paul	United States	31-Dec-2017	Aggregate MFs
518	Benjamin F. Edwards & Company, Inc.	9,929	0.00	-178	-1.76	0.65	-0.01		980.36	Moderate	St. Louis	United States	31-Mar-2018	13F
519	Belpointe Asset Management LLC	9,917	0.00	3,679	58.98	0.67	0.25	Hedge Fund	455.22	Moderate	Greenwich	United States	31-Dec-2017	13F
520	Liberty Mutual Insurance Group	9,904	0.00	-309	-3.03	0.67	-0.02	Specialty	3,565.67	Moderate	Boston	United States	31-Dec-2017	13F
521	Burns (Stephanie A)	9,868	0.00	2,412	32.35	0.67	0.16		2.76	Low		United States	15-Jan-2018	Proxy
522	Montgomery Tabron La June	9,868	0.00	2,412	32.35	0.67	0.16		0.67	Low		United States	15-Jan-2018	Proxy
523	Dillon & Associates, Inc.	9,820	0.00	0	0.00	0.67	0.00	Growth	265.26	Low	Jackson	United States	31-Dec-2017	13F
524	Steward Partners Investment Advisory, LLC	9,800	0.00	940	10.61	0.67	0.06		1,306.77	Moderate	Clearwater	United States	31-Dec-2017	13F
525	Tower Bridge Advisors, Inc.	9,746	0.00	2,850	41.33	0.66	0.19	GARP	932.17	Low	Conshohocken	United States	31-Dec-2017	13F
526	The Pennsylvania Trust Company	9,678	0.00	-714	-6.87	0.63	-0.05	Core Growth	2,150.46	Moderate	Radnor	United States	31-Mar-2018	13F
527	Goldman Sachs International	9,541	0.00	-4,425	-31.68	0.65	-0.30	Broker-Dealer	10,832.13	Moderate	London	England	31-Dec-2017	13F
528	Global X Management Company LLC	9,390	0.00	855	10.02	0.64	0.06	Index	9,253.31	Moderate	New York	United States	31-Dec-2017	13F
529	Horizon Investments, LLC	9,350	0.00	9,350	100.00	0.64	0.64		1,867.99	Moderate	Charlotte	United States	31-Dec-2017	13F
530	Bradley, Foster & Sargent, Inc.	9,347	0.00	-292	-3.03	0.64	-0.02	Core Value	2,755.22	Low	Hartford	United States	31-Dec-2017	13F
531	Davenport Asset Management	9,272	0.00	-2,210	-19.25	0.60	-0.14	GARP	8,189.59	Low	Richmond	United States	31-Mar-2018	13F
532	CIGNA Investments, Inc.	9,234	0.00	-300	-3.15	0.63	-0.02	Core Growth	1,538.41	Low	Bloomfield	United States	31-Dec-2017	13F
533	Meadow Creek Investment Management LLC	9,168	0.00	272	3.06	0.62	0.02		4,599.89	Low	Atlanta	United States	31-Dec-2017	13F
534	Capital International, Inc.	9,100	0.00	0	0.00	0.62	0.00	Core Growth	12,266.57	Moderate	Los Angeles	United States	31-Dec-2017	Aggregate MFs
535	OLZ & Partners Asset and Liability Management AG	9,092	0.00	-1,494	-14.11	0.66	-0.11		1,026.43	Low		Switzerland	31-Mar-2017	Aggregate MFs
536	Palladium Partners LLC	8,946	0.00	-704	-7.30	0.61	-0.05	Yield	1,381.92	Low	Norfolk	United States	31-Dec-2017	13F
537	Cortland Associates, Inc.	8,938	0.00	0	0.00	0.61	0.00	Deep Value	548.87	Low	St. Louis	United States	31-Dec-2017	13F
538	Hood (Christopher M)	8,911	0.00	4,520	102.94	0.59	0.30		0.59	Low		Australia	16-Feb-2018	Insider Update
539	Edward Jones Trust Company	8,910	0.00	-484	-5.15	0.61	-0.03	Core Growth	972.24	Low	St. Louis	United States	31-Dec-2017	13F
540	BMO Asset Management U.S.	8,817	0.00	-3,253	-26.95	0.57	-0.21	Core Value	13,804.87	Moderate	Chicago	United States	31-Mar-2018	13F
541	PVG Asset Management Corporation	8,800	0.00	0	0.00	0.60	0.00	Yield	258.30	High	Golden	United States	31-Dec-2017	13F
542	Riverfront Investment Group, LLC	8,541	0.00	8,541	100.00	0.57	0.57	Core Growth	5,396.68	Low	Richmond	United States	28-Feb-2018	Aggregate MFs
543	Hunter Associates LLC	8,511	0.00	2,505	41.71	0.58	0.17	GARP	271.48	Low	Pittsburgh	United States	31-Dec-2017	13F
544	Great Lakes Advisors, LLC	8,345	0.00	-37	-0.44	0.57	0.00	Core Value	4,833.40	Moderate	Chicago	United States	31-Dec-2017	13F
545	Advisory Services Network, LLC	8,331	0.00	3,640	77.60	0.57	0.25		1,145.86	Moderate	Atlanta	United States	31-Dec-2017	13F
546	HSBC Bank USA, N.A.	8,283	0.00	-200	-2.36	0.56	-0.01	GARP	4,047.14	Low	Buffalo	United States	31-Dec-2017	13F
547	FDX Advisors, Inc.	8,268	0.00	-17,932	-68.44	0.56	-1.22	Hedge Fund	3,656.18	Low	Sacramento	United States	31-Dec-2017	13F
548	Schroder Investment Management (Luxembourg) S.A.	8,200	0.00	-2,900	-26.13	0.56	-0.20		446.06	Low	Luxembourg	Luxembourg	31-Dec-2017	Aggregate MFs

549	Whitnell & Co.	8,175	0.00	0	0.00	0.56	0.00	Yield	238.50	Low	Oak Brook	United States	31-Dec-2017	13F
550	Northside Capital Management, LLC	7,964	0.00	0	0.00	0.52	0.00	Growth	304.85	Low	Oregon City	United States	31-Mar-2018	13F
551	HSBC Global Asset Management Deutschland GmbH	7,950	0.00	0	0.00	0.54	0.00	Core Value	1,900.09	Low	Düsseldorf	Germany	31-Dec-2017	13F
552	Simmons First Trust Company N.A.	7,925	0.00	-255	-3.12	0.54	-0.02	GARP	1,031.85	Low	Pine Bluff	United States	31-Dec-2017	13F
553	Dimensional Fund Advisors, Ltd.	7,888	0.00	0	0.00	0.52	0.00	Core Growth	6,797.40	Low	London	England	28-Feb-2018	Aggregate MFs
554	Biltmore Family Office, LLC	7,850	0.00	7,850	100.00	0.53	0.53		220.94		Charlotte	United States	31-Dec-2017	13F
555	Signator Financial Services, Inc.	7,834	0.00	6,803	659.84	0.53	0.46		1,058.01	Low	Bellevue	United States	31-Dec-2017	13F
556	Raymond James Trust N.A.	7,750	0.00	-194	-2.44	0.50	-0.01	Yield	1,448.48	Low	St. Petersburg	United States	31-Mar-2018	13F
557	SL Advisors, LLC	7,743	0.00	-931	-10.73	0.50	-0.06		50.84	High	Westfield	United States	31-Mar-2018	13F
558	Simplex Trading, LLC	7,704	0.00	-32,998	-81.07	0.52	-2.24	Broker-Dealer	1,418.93	High	Chicago	United States	31-Dec-2017	13F
559	IFM Investors	7,585	0.00	0	0.00	0.52	0.00		788.84	Low	Melbourne	Australia	31-Dec-2017	13F
560	CIM Investment Management Inc.	7,561	0.00	-114	-1.49	0.51	-0.01	Core Value	286.02	Low	Pittsburgh	United States	31-Dec-2017	13F
561	Plante Moran Financial Advisors, LLC	7,533	0.00	-86	-1.13	0.51	-0.01	Growth	180.23	Low	Southfield	United States	31-Dec-2017	13F
562	Jane Street Capital, L.L.C.	7,409	0.00	-667,270	-98.90	0.50	-45.36	Broker-Dealer	13,022.94	High	New York	United States	31-Dec-2017	13F
563	Welch & Forbes LLC	7,382	0.00	-371	-4.79	0.48	-0.02	GARP	3,880.59	Low	Boston	United States	31-Mar-2018	13F
564	Boston Trust & Investment Management Company	7,350	0.00	-1,825	-19.89	0.48	-0.12	Core Growth	6,651.07	Low	Boston	United States	31-Mar-2018	13F
565	DB Platinum Advisors	7,336	0.00	-53	-0.72	0.48	0.00	Index	2,490.85	Low	Luxembourg	Luxembourg	31-Aug-2017	Aggregate MFs
566	Wilmington Trust, National Association	7,316	0.00	-3,414	-31.82	0.50	-0.23	Growth	5,818.91	Low	North Palm Beach	United States	31-Dec-2017	13F
567	Campbell & Company, Inc.	7,271	0.00	7,271	100.00	0.49	0.49	Hedge Fund	135.52	High	Baltimore	United States	31-Dec-2017	13F
568	Mirae Asset Global Investments (USA) LLC	7,231	0.00	1,324	22.41	0.49	0.09	Aggres. Gr.	7,474.15	Moderate	New York	United States	31-Dec-2017	13F
569	The Colony Group, LLC	7,204	0.00	7,204	100.00	0.49	0.49	Core Growth	1,594.86	Low	Boston	United States	31-Dec-2017	13F
570	Callan LLC	7,203	0.00	0	0.00	0.49	0.00	GARP	4,839.26	Low	San Francisco	United States	31-Dec-2017	Aggregate MFs
571	DNB Asset Management AB	7,200	0.00	0	0.00	0.48	0.00	Core Growth	2,692.36	Low	Stockholm	Sweden	28-Feb-2018	Aggregate MFs
572	Guyasuta Investment Advisors, Inc.	7,175	0.00	-320	-4.27	0.49	-0.02	Specialty	882.53	Low	Pittsburgh	United States	31-Dec-2017	13F
573	Nordea Investment Funds S.A.	7,125	0.00	2,376	50.03	0.52	0.17	Core Value	258.69	Low	Luxembourg	Luxembourg	31-Mar-2017	Aggregate MFs
574	Murphy, Middleton, Hinkle & Parker, Inc.	6,975	0.00	0	0.00	0.45	0.00	Specialty	128.76	Low	Thomasville	United States	31-Mar-2018	13F
575	Sterling Capital Management, LLC	6,974	0.00	-321	-4.40	0.47	-0.02	Core Value	16,536.95	Low	Charlotte	United States	31-Dec-2017	13F
576	South State Bank	6,956	0.00	-200	-2.79	0.47	-0.01	Core Value	556.77	Low	Orangeburg	United States	31-Dec-2017	13F
577	Vident Investment Advisory, LLC	6,939	0.00	-484	-6.52	0.47	-0.03		4,473.10	Moderate	Roswell	United States	31-Dec-2017	13F
578	Lodestar Investment Counsel, LLC	6,920	0.00	0	0.00	0.45	0.00	GARP	858.54	Low	Chicago	United States	31-Mar-2018	13F
579	Nykredit Bank AS	6,891	0.00	0	0.00	0.46	0.00	Growth	1,595.63	Low	Copenhagen	Denmark	28-Feb-2018	Aggregate MFs
580	Cantab Capital Partners LLP	6,801	0.00	6,801	100.00	0.46	0.46	Hedge Fund	712.22	High	Cambridge	England	31-Dec-2017	13F
581	Stratos Wealth Partners, Ltd.	6,767	0.00	-664	-8.94	0.46	-0.05		2,221.54	Low	Beachwood	United States	31-Dec-2017	13F
582	Wagner Bowman Management Corp.	6,682	0.00	-248	-3.58	0.45	-0.02	Core Growth	370.00	Low	Baltimore	United States	31-Dec-2017	13F
583	Sanlam Four Investments UK Limited	6,671	0.00	0	0.00	0.44	0.00	Core Value	1,395.64	Moderate	London	England	28-Feb-2018	Aggregate MFs
584	Kentucky Retirement Systems Insurance Trust Fund	6,606	0.00	-63	-0.94	0.45	0.00		599.17	Low	Frankfort	United States	31-Dec-2017	13F
585	Laurel Wealth Advisors, Inc.	6,567	0.00	2,291	53.58	0.45	0.16		346.39	Low	La Jolla	United States	31-Dec-2017	13F
586	Wilkins Investment Counsel, Inc.	6,493	0.00	0	0.00	0.44	0.00	Core Value	335.02	Low	Boston	United States	31-Dec-2017	13F
587	Valeo Financial Advisors LLC	6,483	0.00	-318	-4.68	0.42	-0.02		628.16	Low	Indianapolis	United States	31-Mar-2018	13F
588	Diversified Trust Company	6,475	0.00	-18,870	-74.45	0.44	-1.28	Core Growth	1,245.52	Low	Memphis	United States	31-Dec-2017	13F
589	Municipal Employees' Retirement System of Michigan	6,420	0.00	-10,510	-62.08	0.44	-0.71		1,980.19	Low	Lansing	United States	31-Dec-2017	13F
590	E.Öhman J:or Fonder AB	6,400	0.00	-2,800	-30.43	0.44	-0.19	Growth	5,745.82	Low	Stockholm	Sweden	31-Dec-2017	Aggregate MFs
591	Brown Advisory Securities, LLC	6,395	0.00	6,395	100.00	0.43	0.43	Broker-Dealer	516.80	Low	Baltimore	United States	31-Dec-2017	13F
592	6 Meridian LLC	6,372	0.00	6,372	100.00	0.43	0.43		862.94		Wichita	United States	31-Dec-2017	13F
593	Reik & Co., LLC	6,370	0.00	965	17.85	0.43	0.07	Core Value	311.72	Low	New York	United States	31-Dec-2017	13F
594	Aull & Monroe Investment Management Corp.	6,367	0.00	-420	-6.19	0.43	-0.03	Yield	198.22	Low	Mobile	United States	31-Dec-2017	13F
595	Carnegie Investment Counsel	6,340	0.00	50	0.79	0.43	0.00	Core Growth	1,122.21	Low	Pepper Pike	United States	31-Dec-2017	13F
596	BBVA Compass	6,305	0.00	1,134	21.93	0.43	0.08	Core Value	1,575.45	Low	Houston	United States	31-Dec-2017	13F
597	Moors & Cabot Inc.	6,301	0.00	-200	-3.08	0.43	-0.01	N/A	751.88	Low	Boston	United States	31-Dec-2017	13F
598	Westwood Management Corp. (Texas)	6,300	0.00	0	0.00	0.41	0.00	Core Value	14,211.90	Low	Dallas	United States	31-Mar-2018	Aggregate MFs
599	Mandatum Henkivakuutusosakeyhtiö	6,213	0.00	0	0.00	0.42	0.00	GARP	1,422.23	Low	Helsinki	Finland	31-Dec-2017	13F
600	Eurizon Capital S.A.	6,149	0.00	-30,347	-83.15	0.44	-2.17	Core Value	7,012.11	Moderate	Luxembourg	Luxembourg	31-May-2017	Aggregate MFs
601	Brandywine Global Investment Management, LLC	6,092	0.00	-200	-3.18	0.40	-0.01	Deep Value	16,992.83	Low	Philadelphia	United States	28-Feb-2018	Aggregate MFs
602	Conning, Inc.	6,079	0.00	-490	-7.46	0.41	-0.03	Index	2,885.98	Low	Hartford	United States	31-Dec-2017	13F
603	Tocqueville Asset Management LP	6,040	0.00	0	0.00	0.41	0.00	Deep Value	9,489.43	Low	New York	United States	31-Dec-2017	13F
604	Tresides Asset Management GmbH	6,000	0.00	0	0.00	0.40	0.00		226.32	Moderate	Stuttgart	Germany	28-Feb-2018	Aggregate MFs
605	Nuveen Asset Management, LLC	5,940	0.00	5,940	100.00	0.40	0.40	Core Value	21,444.62	Low	Chicago	United States	31-Dec-2017	13F
606	Nikko Asset Management Co., Ltd.	5,906	0.00	-200	-3.28	0.44	-0.02	Core Growth	71,777.81	Low	Minato-ku (Tokyo)	Japan	31-Oct-2016	Aggregate MFs
607	Cetera Advisor Networks LLC	5,894	0.00	-361	-5.77	0.40	-0.02	Yield	2,381.18	Low	El Segundo	United States	31-Dec-2017	13F
608	Intellectus Partners, LLC	5,840	0.00	903	18.29	0.40	0.06		266.99	Low	San Francisco	United States	31-Dec-2017	13F
609	Parallax Volatility Advisers, L.P.	5,800	0.00	5,800	100.00	0.39	0.39	Hedge Fund	3,656.02	High	San Francisco	United States	31-Dec-2017	13F
610	Columbia Asset Management, L.L.C.	5,781	0.00	0	0.00	0.39	0.00		347.82	High	Michigan City	United States	31-Dec-2017	13F
611	Highland Capital Management, LLC	5,775	0.00	-100	-1.70	0.38	-0.01	GARP	1,280.41	Low	Memphis	United States	31-Mar-2018	13F
612	Portland Global Advisors LLC	5,763	0.00	0	0.00	0.39	0.00	GARP	269.69	Low	Portland	United States	31-Dec-2017	13F
613	HAC VermögensManagement AG	5,725	0.00	-125	-2.14	0.40	-0.01	Deep Value	110.69	Low	Hamburg	Germany	30-Jun-2017	Aggregate MFs
614	Wallace Noel R	5,720	0.00	2,289	66.72	0.39	0.16		13.96	Low		United States	15-Jan-2018	Proxy
615	BLB&B Advisors, LLC	5,704	0.00	750	15.14	0.37	0.05	Core Value	744.69	Low	Ambler	United States	31-Mar-2018	13F
616	BBVA Asset Management, S.A., S.G.I.I.C.	5,617	0.00	-2,059	-26.82	0.38	-0.14	Core Value	8,449.04	Low	Madrid	Spain	31-Dec-2017	Aggregate MFs
617	People's Securities, Inc.	5,614	0.00	5,614	100.00	0.38	0.38	Core Growth	1,419.69	Low	Wethersfield	United States	31-Dec-2017	13F
618	JPMorgan Asset Management U.K. Limited	5,606	0.00	2,660	90.29	0.38	0.18	Core Growth	135,979.40	Low	London	England	31-Dec-2017	13F
619	Beck, Mack & Oliver LLC	5,600	0.00	0	0.00	0.38	0.00	GARP	3,033.34	Low	New York	United States	31-Dec-2017	13F
620	Ameritas Investment Partners, Inc.	5,574	0.00	-331	-5.61	0.38	-0.02	GARP	2,148.02	Low	Lincoln	United States	31-Dec-2017	13F
621	USAA Asset Management Company	5,560	0.00	5,560	100.00	0.38	0.38		13,259.12	Moderate	San Antonio	United States	31-Dec-2017	Aggregate MFs
622	Sawtooth Asset Management, Inc.	5,544	0.00	472	9.31	0.38	0.03		1,029.23	High	Minneapolis	United States	31-Dec-2017	13F
623	Crèdit Andorrà Asset Management	5,480	0.00	-741	-11.91	0.40	-0.05		610.31	Moderate	Andorra la Vella	Andorra	31-Dec-2016	Aggregate MFs
624	RBC Capital Partners	5,478	0.00	5,478	100.00	0.37	0.37	Core Value	4,473.40	High	Toronto	Canada	31-Dec-2017	13F
625	Morgan Stanley Investment Management Inc. (US)	5,374	0.00	-300	-5.29	0.37	-0.02	GARP	70,737.50	Low	New York	United States	31-Dec-2017	13F
626	Tastad Carolyn M	5,305	0.00	2,276	75.14	0.36	0.16		0.36	Low		United States	15-Jan-2018	Proxy
627	The Investment House LLC	5,275	0.00	-300	-5.38	0.36	-0.02		819.51	Low	Los Angeles	United States	31-Dec-2017	13F
628	Aberdeen Asset Management (Asia) Ltd.	5,245	0.00	-700	-11.77	0.35	-0.05	GARP	34,084.93	Low	Singapore	Singapore	30-Nov-2017	Aggregate MFs
629	Wedbush Securities, Inc.	5,222	0.00	433	9.04	0.35	0.03	Broker-Dealer	759.96	Low	Los Angeles	United States	31-Dec-2017	13F
630	BOCI-Prudential Asset Management Ltd.	5,200	0.00	362	7.48	0.32	0.02	Core Value	3,472.05	Low	Central (Hong Kong)	Hong Kong SAR	30-Sep-2017	Aggregate MFs
631	Cambridge Trust Company	5,200	0.00	0	0.00	0.35	0.00	Core Growth	1,583.56	Low	Cambridge	United States	31-Dec-2017	13F
632	Catalyst Capital Advisors, LLC	5,200	0.00	5,200	100.00	0.35	0.35	Core Value	2,947.18	Moderate	Huntington	United States	31-Dec-2017	13F
633	Harris Associates L.P.	5,200	0.00	5,200	100.00	0.35	0.35	Core Value	121,387.24	Low	Chicago	United States	31-Jan-2018	Aggregate MFs
634	Joel R. Mogy Investment Counsel, Inc.	5,200	0.00	0	0.00	0.35	0.00	Core Growth	639.27	Low	Beverly Hills	United States	31-Dec-2017	13F
635	Veritas Investment GmbH	5,200	0.00	0	0.00	0.34	0.00	Core Value	385.41	High	Frankfurt	Germany	28-Feb-2018	Aggregate MFs
636	The Trust Company of Virginia	5,150	0.00	0	0.00	0.35	0.00	Yield	715.67	Low	Richmond	United States	31-Dec-2017	13F
637	First Foundation Advisors	5,091	0.00	-7,989	-61.08	0.35	-0.54	GARP	1,861.21	Low	Irvine	United States	31-Dec-2017	13F
638	Bryn Mawr Trust Company	5,037	0.00	-325	-6.06	0.34	-0.02	Core Value	1,834.71	Low	Bryn Mawr	United States	31-Dec-2017	13F
639	BetaShares Capital Ltd.	5,002	0.00	728	17.03	0.31	0.05		1,068.95	High	Sydney	Australia	31-Oct-2017	Aggregate MFs
640	Eagle Global Advisors, LLC	4,950	0.00	0	0.00	0.34	0.00	Core Growth	3,231.96	Low	Houston	United States	31-Dec-2017	13F
641	Bredin Investment LLC	4,942	0.00	4,942	100.00	0.34	0.34		123.01		Wilmington	United States	31-Dec-2017	13F
642	Massachusetts Mutual Life Insurance Company	4,933	0.00	-939	-15.99	0.34	-0.06		3,319.05	Low	Springfield	United States	31-Dec-2017	Aggregate MFs
643	The Trust Company of Toledo, NA	4,857	0.00	-29	-0.59	0.32	0.00	Core Growth	380.53	Low	Holland	United States	31-Mar-2018	13F
644	TD Asset Management USA, Inc.	4,832	0.00	600	14.18	0.33	0.04	Income Value	1,798.00	Low	New York	United States	31-Dec-2017	13F
645	Hall Capital Management Company, Inc.	4,824	0.00	-310	-6.04	0.33	-0.02	Growth	114.34	Low	Warwick	United States	31-Dec-2017	13F
646	Naples Global Advisors, LLC	4,814	0.00	-200	-3.99	0.31	-0.01		337.04	Low	Naples	United States	31-Mar-2018	13F
647	R&F Capital Advisors LP	4,811	0.00	-7,339	-60.40	0.35	-0.53		383.09		New York	United States	31-Mar-2017	13F
648	Banque Cantonale Vaudoise	4,796	0.00	0	0.00	0.31	0.00	Core Growth	1,894.63	Low		Switzerland	31-Aug-2017	Aggregate MFs
649	Old Mutual Global Investors (UK) Limited	4,700	0.00	4,700	100.00	0.32	0.32	Core Value	42,220.38	Low	London	England	31-Dec-2017	13F
650	Beaton Management Company, Inc.	4,625	0.00	0	0.00	0.31	0.00		110.78	Low	Haverhill	United States	31-Dec-2017	13F
651	PGB Trust & Investments	4,580	0.00	200	4.57	0.31	0.01	Core Value	1,862.93	Low	Bedminster	United States	31-Dec-2017	13F
652	Dean Capital Investments Management, LLC	4,517	0.00	4,517	100.00	0.31	0.31		241.84		Vienna	United States	31-Dec-2017	13F
653	ICON Advisers, Inc.	4,500	0.00	0	0.00	0.31	0.00	Specialty	1,627.65	Moderate	Greenwood Village	United States	31-Dec-2017	13F
654	Tirolinvest Kapitalanlagegesellschaft mbH	4,500	0.00	4,500	100.00	0.28	0.28		7.88	Moderate	Innsbruck	Austria	31-Oct-2017	Aggregate MFs
655	OmniStar Financial Group, Inc	4,463	0.00	4,463	100.00	0.30	0.30		107.78		Hickory	United States	31-Dec-2017	13F
656	AmericaFirst Capital Management, LLC	4,457	0.00	-9,692	-68.50	0.28	-0.60		83.05	High	Roseville	United States	30-Sep-2017	13F
657	Bruce & Company, Inc.	4,436	0.00	0	0.00	0.30	0.00	Deep Value	478.61	Low	Chicago	United States	31-Dec-2017	13F
658	Winton Capital Management Ltd.	4,432	0.00	-4,479	-50.26	0.30	-0.30	Hedge Fund	3,769.80	High	London	England	31-Dec-2017	13F
659	AT Capital Management	4,408	0.00	0	0.00	0.30	0.00		931.88	Low	Dubuque	United States	31-Dec-2017	13F
660	First Allied Asset Management, Inc.	4,394	0.00	4,394	100.00	0.30	0.30	Deep Value	2,524.43	Low	Scottsdale	United States	31-Dec-2017	13F
661	The Trust Company of Vermont	4,383	0.00	0	0.00	0.30	0.00	Core Growth	1,071.32	Low	Brattleboro	United States	31-Dec-2017	13F
662	Tudor Investment Corporation	4,331	0.00	4,331	100.00	0.29	0.29	Hedge Fund	1,595.57	High	Greenwich	United States	31-Dec-2017	13F
663	SevenBridge Financial Group, LLC	4,323	0.00	0	0.00	0.29	0.00		180.87	Low	Harrisburg	United States	31-Dec-2017	13F
664	FCI Advisors	4,305	0.00	-270	-5.90	0.29	-0.02	Core Growth	2,182.09	Low	Kansas City	United States	31-Dec-2017	13F
665	Veritable, L.P.	4,291	0.00	-2,153	-33.41	0.29	-0.15	Specialty	4,621.33	Low	Newtown Square	United States	31-Dec-2017	13F
666	GRESHAM Banque Privée	4,254	0.00	0	0.00	0.29	0.00	Index	527.45	Low	Paris	France	31-Dec-2017	Aggregate MFs
667	Mairs and Power, Inc.	4,250	0.00	0	0.00	0.29	0.00	GARP	9,227.82	Low	St. Paul	United States	31-Dec-2017	13F
668	Paragon Capital Management LLC	4,223	0.00	0	0.00	0.29	0.00	GARP	303.38	Low	Overland Park	United States	31-Dec-2017	13F
669	Pioneer Trust Bank, N.A.	4,220	0.00	0	0.00	0.27	0.00	GARP	196.70	Low	Salem	United States	31-Mar-2018	13F
670	Beacon Financial Group	4,200	0.00	4,200	100.00	0.27	0.27		584.06	Moderate	Dallas	United States	31-Mar-2018	13F
671	Schnieders Capital Management, LLC	4,200	0.00	-450	-9.68	0.29	-0.03		241.80	Low	Pasadena	United States	31-Dec-2017	13F
672	Acrospire Investment Management LLC	4,197	0.00	1,600	61.61	0.29	0.11	Hedge Fund	102.92	High	Chicago	United States	30-Jun-2017	13F
673	Calibrium AG	4,196	0.00	4,196	100.00	0.29	0.29	Hedge Fund	279.47	Moderate	Pfäffikon	Switzerland	31-Dec-2017	13F
674	Fox Run Management, L.L.C	4,192	0.00	4,192	100.00	0.27	0.27	Hedge Fund	412.50	High	Greenwich	United States	31-Mar-2018	13F
675	Advisors Asset Management, Inc.	4,111	0.00	910	28.43	0.28	0.06	Yield	6,072.64	Low	Monument	United States	31-Dec-2017	13F
676	The Welch Group, LLC	4,104	0.00	-144	-3.39	0.28	-0.01	Growth	654.81	Low	Birmingham	United States	31-Dec-2017	13F
677	PGIM Investments LLC	4,080	0.00	-435	-9.63	0.25	-0.03		21,742.33	Low	Newark	United States	30-Sep-2017	Aggregate MFs
678	UBI Pramerica SGR S.p.A.	4,080	0.00	4,080	100.00	0.30	0.30	Core Growth	3,313.32	High	Milan	Italy	31-Dec-2016	Aggregate MFs
679	United Capital Financial Advisers, LLC	4,066	0.00	-1,043	-20.41	0.28	-0.07	Income Value	12,605.43	Low	Newport Beach	United States	31-Dec-2017	13F
680	Murphy Capital Management, Inc.	4,050	0.00	150	3.85	0.26	0.01	GARP	703.28	Low	Gladstone	United States	31-Mar-2018	13F
681	Grandfield & Dodd, LLC	4,019	0.00	0	0.00	0.27	0.00	Deep Value	931.55	Low	New York	United States	31-Dec-2017	13F
682	Meeschaert Asset Management, S.A.S.	4,017	0.00	4,017	100.00	0.27	0.27	Growth	515.00	Low	Paris	France	31-Dec-2017	Aggregate MFs
683	Blue Rock Advisors, LLC	4,000	0.00	-38,000	-90.48	0.25	-2.37	Hedge Fund	65.07	High	Wayzata	United States	30-Sep-2017	13F
684	ERSTE-SPARINVEST Kapitalanlagegesellschaft mbH	4,000	0.00	0	0.00	0.27	0.00	Core Growth	6,178.57	Moderate	Vienna	Austria	31-Jan-2018	Aggregate MFs
685	Sungarden Fund Management	4,000	0.00	4,000	100.00	0.26	0.26		46.51	High	Weston	United States	28-Feb-2018	Aggregate MFs
686	Dreiling (Richard W)	3,998	0.00	3,971	14,707.41	0.27	0.27		0.46	Moderate		United States	15-Jan-2018	Proxy
687	Kovack Advisors Inc	3,993	0.00	3,993	100.00	0.27	0.27		191.19		Florida	United States	31-Dec-2017	13F
688	Farmers National Bank	3,981	0.00	-985	-19.83	0.27	-0.07		172.39	Low	Danville	United States	31-Dec-2017	13F

689	Cornerstone Wealth Management, LLC	3,978	0.00	124	3.22	0.27	0.01		522.62	Low	Des Peres	United States	31-Dec-2017	13F
690	Livförsäkringsbolaget Skandia, ömsesidigt	3,968	0.00	0	0.00	0.26	0.00		4,382.87	Low	Stockholm	Sweden	31-Mar-2018	13F
691	Zevin Asset Management, LLC	3,950	0.00	0	0.00	0.27	0.00	Core Growth	440.44	Low	Boston	United States	31-Dec-2017	13F
692	Victory Capital Management Inc.	3,931	0.00	-170	-4.15	0.27	-0.01	Core Growth	48,960.24	Low	Brooklyn	United States	31-Dec-2017	13F
693	Covington Capital Management	3,915	0.00	3,815	3,815.00	0.27	0.26	Core Value	1,618.16	Low	Los Angeles	United States	31-Dec-2017	13F
694	Visionary Asset Management, Inc.	3,887	0.00	630	19.34	0.25	0.04		312.48	Moderate	Houston	United States	31-Mar-2018	13F
695	Reliance Trust Company of Delaware	3,826	0.00	197	5.43	0.25	0.01	Income Value	649.94	Low	Atlanta	United States	31-Mar-2018	13F
696	Federated Equity Management Company of Pennsylvania	3,820	0.00	2,000	109.89	0.26	0.14	Core Value	15,161.95	Low	Pittsburgh	United States	31-Dec-2017	13F
697	Federated Investment Management Company	3,820	0.00	2,000	109.89	0.26	0.14	Core Growth	26,976.03	Moderate	Pittsburgh	United States	31-Dec-2017	Aggregate MFs
698	Sabadell Asset Management, S.A., S.G.I.I.C., Sociedad Uniper	3,800	0.00	3,800	100.00	0.26	0.26	Growth	6,024.42	Moderate	Sant Cugat del Vallés	Spain	31-Dec-2017	13F
699	Gerstein, Fisher & Associates, Inc.	3,794	0.00	-2,076	-35.37	0.29	-0.16	Core Value	1,170.09	Low	New York	United States	30-Sep-2016	13F
700	Fairport Asset Management, LLC	3,759	0.00	3,759	100.00	0.26	0.26	Core Value	988.05	Low	Cleveland	United States	31-Dec-2017	13F
701	IFG Advisory, LLC	3,732	0.00	3,732	100.00	0.25	0.25		430.80		Atlanta	United States	31-Dec-2017	13F
702	CPS Investment Advisors	3,720	0.00	3,720	100.00	0.25	0.25	Income Value	747.20	Low	Lakeland	United States	31-Dec-2017	13F
703	IBM Retirement Fund	3,712	0.00	-2,673	-41.86	0.25	-0.18	Index	657.96	Low	White Plains	United States	31-Dec-2017	13F
704	Advisor Partners, LLC	3,709	0.00	311	9.15	0.25	0.02	Core Growth	531.26	Low	Walnut Creek	United States	31-Dec-2017	13F
705	Boston Private Wealth LLC	3,703	0.00	-166	-4.29	0.25	-0.01		2,661.13	Low	Palm Beach Gardens	United States	31-Dec-2017	13F
706	FTB Advisors, Inc.	3,690	0.00	21	0.57	0.25	0.00	Core Value	1,044.41	Low	Chattanooga	United States	31-Dec-2017	13F
707	Ancora Family Wealth Advisors, LLC	3,666	0.00	0	0.00	0.28	0.00		290.82		Cleveland	United States	30-Sep-2016	13F
708	Luther King Capital Management Corp.	3,650	0.00	0	0.00	0.25	0.00	Core Growth	12,673.84	Low	Fort Worth	United States	31-Dec-2017	13F
709	Cypress Capital Group, Inc.	3,632	0.00	3,632	100.00	0.25	0.25	Growth	480.53	Low	Palm Beach	United States	31-Dec-2017	13F
710	Old National Wealth Management	3,612	0.00	-112	-3.01	0.23	-0.01	Income Value	1,896.70	Low	Evansville	United States	31-Mar-2018	13F
711	Spinnaker Trust	3,612	0.00	-2,500	-40.90	0.25	-0.17	Growth	850.13	Low	Portland	United States	31-Dec-2017	13F
712	1st Source Corporation Investment Advisors, Inc.	3,611	0.00	-122	-3.27	0.25	-0.01	Deep Value	1,183.56	Low	South Bend	United States	31-Dec-2017	13F
713	Tiemann Investment Advisors, LLC	3,607	0.00	0	0.00	0.25	0.00		125.43	Low	Menlo Park	United States	31-Dec-2017	13F
714	INVESCO Asset Management (Japan) Ltd.	3,600	0.00	-500	-12.20	0.24	-0.03	Yield	3,821.84	Low	Minato-ku (Tokyo)	Japan	31-Dec-2017	13F
715	Ropes Wealth Advisors LLC	3,600	0.00	-1,160	-24.37	0.24	-0.08		381.76	Low	Boston	United States	31-Dec-2017	13F
716	Waters, Parkerson & Co., LLC	3,600	0.00	0	0.00	0.24	0.00	GARP	1,187.69	Low	New Orleans	United States	31-Dec-2017	13F
717	SEI Investments Canada	3,581	0.00	-387	-9.75	0.24	-0.03		1,527.08	Moderate	Toronto	Canada	31-Dec-2017	Aggregate MFs
718	Atria Investments LLC	3,574	0.00	3,574	100.00	0.24	0.24	Yield	2,011.54	Low	Charlotte	United States	31-Dec-2017	13F
719	Invesco Canada Ltd.	3,555	0.00	467	15.12	0.24	0.03	Core Growth	19,555.45	Low	Toronto	Canada	31-Dec-2017	13F
720	Invesco Management Group, Inc.	3,537	0.00	-56	-1.56	0.24	0.00	GARP	3,290.84	Low	Houston	United States	31-Dec-2017	13F
721	WFG Advisors LP	3,527	0.00	2	0.06	0.24	0.00	Growth	436.05	Low	Dallas	United States	30-Jun-2017	13F
722	Lombard Odier Asset Management (Europe) Ltd	3,514	0.00	0	0.00	0.24	0.00		2,892.31	Low	London	England	31-Dec-2017	13F
723	Obsidian Capital (Pty) Ltd.	3,500	0.00	3,500	100.00	0.24	0.24	Hedge Fund	66.71	High	Johannesburg	South Africa	31-Dec-2017	Aggregate MFs
724	Riedweg & Hrovat AG	3,500	0.00	3,500	100.00	0.24	0.24	Core Value	74.68	Moderate		Switzerland	31-Dec-2017	Aggregate MFs
725	Cutler Group, LP	3,490	0.00	-4,703	-57.40	0.24	-0.32		1,921.93	High	San Francisco	United States	31-Dec-2017	13F
726	Northeast Investment Management, Inc.	3,485	0.00	-129	-3.57	0.24	-0.01	Core Growth	1,208.96	Low	Boston	United States	31-Dec-2017	13F
727	DRW Securities, LLC	3,480	0.00	3,480	100.00	0.24	0.24		534.85	High	Chicago	United States	31-Dec-2017	13F
728	Wetherby Asset Management, Inc.	3,454	0.00	3,454	100.00	0.23	0.23	Growth	712.15	Low	San Francisco	United States	31-Dec-2017	13F
729	Scout Investments, Inc.	3,451	0.00	3,451	100.00	0.23	0.23	GARP	7,906.32	Low	Kansas City	United States	31-Dec-2017	13F
730	Focused Wealth Management, Inc.	3,450	0.00	3,450	100.00	0.23	0.23		311.42	Low	Highland	United States	31-Dec-2017	13F
731	Shufro, Rose & Co., LLC	3,447	0.00	0	0.00	0.23	0.00	Deep Value	998.94	Low	New York	United States	31-Dec-2017	13F
732	Fiduciary Trust Company	3,436	0.00	86	2.57	0.23	0.01	Core Growth	3,431.64	Low	Boston	United States	31-Dec-2017	13F
733	Arthur M. Cohen & Associates, LLC	3,435	0.00	-5,255	-60.47	0.23	-0.36		340.81	High	Northbrook	United States	31-Dec-2017	13F
734	Parsons Capital Management, Inc.	3,425	0.00	-500	-12.74	0.23	-0.03	Core Growth	895.27	Low	Providence	United States	31-Dec-2017	13F
735	Ashfield Capital Partners, LLC	3,408	0.00	0	0.00	0.23	0.00	Growth	777.43	Low	San Francisco	United States	31-Dec-2017	13F
736	Brighton Jones LLC	3,388	0.00	114	3.48	0.23	0.01	Core Growth	728.66	Low	Seattle	United States	31-Dec-2017	13F
737	The Burney Company	3,386	0.00	-895	-20.91	0.23	-0.06	Core Growth	1,763.58	Low	Falls Church	United States	31-Dec-2017	13F
738	Airain Ltd	3,361	0.00	3,361	100.00	0.23	0.23		2,128.87	High	St. Peter Port	Guernsey	30-Jun-2017	13F
739	Sequoia Financial Advisors, LLC	3,335	0.00	-12	-0.36	0.23	0.00		943.80	Low	Akron	United States	31-Dec-2017	13F
740	Putnam Investment Management, L.L.C.	3,301	0.00	-700	-17.50	0.22	-0.05	Core Growth	50,496.04	Low	Boston	United States	31-Dec-2017	13F
741	Autus Asset Management, L.L.C.	3,300	0.00	3,300	100.00	0.22	0.22	Core Value	548.20	Low	Scottsdale	United States	31-Dec-2017	13F
742	Fairfield, Bush & Co.	3,300	0.00	0	0.00	0.22	0.00	Growth	359.58	Low	New Haven	United States	31-Dec-2017	13F
743	Goldman Sachs Asset Management International	3,297	0.00	-169	-4.88	0.22	-0.01	Growth	26,197.34	Moderate	London	England	28-Feb-2018	Aggregate MFs
744	ARGI Investment Services, LLC	3,292	0.00	3,292	100.00	0.22	0.22	Income Value	1,504.65	Low	Louisville	United States	31-Dec-2017	13F
745	Ingalls & Snyder LLC (Asset Management)	3,232	0.00	0	0.00	0.21	0.00	GARP	2,073.42	Low	New York	United States	31-Mar-2018	13F
746	QS Legg Mason Global Asset Allocation, LLC	3,231	0.00	315	10.80	0.27	0.03		149.31		New York	United States	31-Aug-2016	Aggregate MFs
747	Capital One Asset Management, LLC	3,226	0.00	3,226	100.00	0.22	0.22	Core Value	1,467.06	Low	New Orleans	United States	31-Dec-2017	13F
748	Park National Bank	3,206	0.00	-206	-6.04	0.21	-0.01	Core Value	1,708.32	Low	Newark	United States	31-Mar-2018	13F
749	Citizens Financial Group, Inc.	3,147	0.00	757	31.67	0.21	0.05	Core Value	1,242.47	Low	Providence	United States	31-Dec-2017	13F
750	M Holdings Securities, Inc.	3,145	0.00	3,145	100.00	0.21	0.21		331.39	Low	Portland	United States	31-Dec-2017	13F
751	Global Financial Private Capital, LLC	3,124	0.00	-2,974	-48.77	0.21	-0.20		2,906.00	Moderate	Sarasota	United States	31-Dec-2017	13F
752	Outfitter Advisors, Ltd.	3,100	0.00	3,100	100.00	0.21	0.21	Core Growth	293.93	Low	McLean	United States	31-Dec-2017	13F
753	Whittier Trust Company	3,073	0.00	-12	-0.39	0.21	0.00	Core Growth	2,865.75	Low	South Pasadena	United States	31-Dec-2017	13F
754	P. J. Schmidt Investment Management, Inc.	3,067	0.00	-485	-13.65	0.21	-0.03	Core Growth	352.53	Low	Cedarburg	United States	31-Dec-2017	13F
755	Rampart Investment Management Company, LLC	3,034	0.00	-15	-0.49	0.21	0.00	Specialty	262.14	High	Boston	United States	31-Dec-2017	13F
756	Saratoga Research & Investment Management	3,020	0.00	3,020	100.00	0.21	0.21	Growth	1,468.95	Low	Saratoga	United States	31-Dec-2017	13F
757	Mascoma Wealth Management LLC	3,000	0.00	0	0.00	0.20	0.00		159.41	Moderate	Hanover	United States	31-Dec-2017	13F
758	Schroder Investment Management (Switzerland) AG	3,000	0.00	-3,800	-55.88	0.20	-0.26		1,002.46	Low	Zurich	Switzerland	31-Dec-2017	Aggregate MFs
759	Fruth Investment Management, Inc.	2,960	0.00	2,960	100.00	0.20	0.20	Core Growth	234.22	Low	Houston	United States	31-Dec-2017	13F
760	Wilmington Funds Management Corporation	2,956	0.00	-1,075	-26.67	0.20	-0.07	Core Growth	867.47	Low	Wilmington	United States	31-Dec-2017	13F
761	Cerebellum Capital, LLC	2,877	0.00	1,825	173.48	0.19	0.12	Hedge Fund	76.14	High	San Francisco	United States	31-Mar-2018	13F
762	S.B. Carr Investments, Inc.	2,849	0.00	81	2.93	0.19	0.01	Core Value	160.51	Moderate	Westwood	United States	31-Mar-2018	13F
763	Franklin Mutual Advisers, LLC	2,847	0.00	0	0.00	0.19	0.00	Deep Value	56,616.42	Low	Short Hills	United States	28-Feb-2018	Aggregate MFs
764	CBH Compagnie Bancaire Helvétique SA	2,800	0.00	0	0.00	0.19	0.00	Growth	65.30	Low	Geneva	Switzerland	31-Jan-2018	Aggregate MFs
765	FT Options LLC	2,800	0.00	-15,178	-84.43	0.17	-0.95		39.34	High	Chicago	United States	30-Sep-2017	13F
766	Kathrein Capital Management AG	2,735	0.00	0	0.00	0.20	0.00		62.45		Vienna	Austria	31-Mar-2017	Aggregate MFs
767	Cascade Investment Advisors, Inc.	2,700	0.00	0	0.00	0.18	0.00	Core Value	123.70	Low	Oregon City	United States	31-Dec-2017	13F
768	Candriam S.A. (France)	2,678	0.00	4	0.15	0.18	0.00	Growth	4,169.16	Low	Paris	France	28-Feb-2018	Aggregate MFs
769	Security Kapitalanlage AG	2,647	0.00	0	0.00	0.18	0.00	Index	1,101.71	Low	Graz	Austria	28-Feb-2018	Aggregate MFs
770	Sella Gestioni SGR SpA	2,550	0.00	0	0.00	0.17	0.00	GARP	475.00	Low	Milan	Italy	31-Jan-2018	Aggregate MFs
771	Barclays Capital Inc.	2,548	0.00	-7,801	-75.38	0.17	-0.53	Broker-Dealer	7,047.09	High	New York	United States	31-Dec-2017	13F
772	Bartlett & Company	2,521	0.00	0	0.00	0.17	0.00	Deep Value	2,508.90	Low	Cincinnati	United States	31-Dec-2017	13F
773	Transparent Value, LLC	2,513	0.00	-250	-9.05	0.17	-0.02	Index	60.29	Low	New York	United States	31-Dec-2017	Aggregate MFs
774	Sawyer & Company, Inc.	2,506	0.00	0	0.00	0.16	0.00		148.03	Low	Boston	United States	31-Mar-2018	13F
775	Fairtree Capital (Pty) Ltd.	2,441	0.00	2,441	100.00	0.17	0.17	Hedge Fund	664.44	High		South Africa	31-Dec-2017	Aggregate MFs
776	Ossiam	2,419	0.00	-1,667	-40.80	0.16	-0.11		2,737.64	High	Paris	France	28-Feb-2018	Aggregate MFs
777	CPF Texas	2,400	0.00	2,400	100.00	0.16	0.16		204.11		Plano	United States	31-Dec-2017	13F
778	Macquarie Investment Management Ltd.	2,400	0.00	1,417	144.15	0.16	0.10	GARP	4,839.38	Low	Sydney	Australia	31-Dec-2017	13F
779	Loring, Wolcott & Coolidge Fiduciary Advisors, LLP	2,333	0.00	132	6.00	0.16	0.01	Growth	5,444.88	Low	Boston	United States	31-Dec-2017	13F
780	Loomis, Sayles & Company, L.P.	2,288	0.00	2,288	100.00	0.16	0.16	GARP	50,039.62	Low	Boston	United States	31-Dec-2017	13F
781	Carson Wealth Management Group	2,250	0.00	0	0.00	0.15	0.00		2,239.64	Moderate	Omaha	United States	31-Dec-2017	13F
782	RBC Private Counsel (USA) Inc.	2,237	0.00	97	4.53	0.15	0.01	Growth	1,539.32	Low	Toronto	Canada	31-Dec-2017	13F
783	Enterprise Financial Services Corp.	2,209	0.00	-121	-5.19	0.15	-0.01	Core Growth	205.16	Low	Clayton	United States	31-Dec-2017	13F
784	Global Index Advisors, Inc.	2,136	0.00	-48	-2.20	0.15	0.00	Index	754.48	Low	Marietta	United States	30-Jun-2017	Aggregate MFs
785	Whittier Trust Company of Nevada, Inc.	2,125	0.00	0	0.00	0.14	0.00	Core Growth	1,173.92	Low	Reno	United States	31-Dec-2017	13F
786	Security National Trust Company	2,066	0.00	0	0.00	0.14	0.00	Income Value	310.25	Low	Wheeling	United States	31-Dec-2017	13F
787	Glens Falls National Bank & Trust Company	2,045	0.00	0	0.00	0.14	0.00	Core Value	441.44	Low	Glens Falls	United States	31-Dec-2017	13F
788	Legacy Advisors, LLC	2,039	0.00	2,039	100.00	0.13	0.13		136.47	Low	Plymouth Meeting	United States	31-Mar-2018	13F
789	ALBION FINANCE SA	2,000	0.00	1,200	150.00	0.13	0.08		8.26	High	Lugano	Switzerland	28-Feb-2018	Aggregate MFs
790	West Oak Capital, LLC	2,000	0.00	0	0.00	0.13	0.00	Deep Value	168.59	Low	West Lake Village	United States	31-Mar-2018	13F
791	CLS Investments, LLC	1,989	0.00	0	0.00	0.14	0.00	Growth	3,053.73	Low	Omaha	United States	31-Dec-2017	13F
792	BNP Paribas Luxembourg	1,975	0.00	-1,455	-42.42	0.13	-0.09	GARP	1,512.64	Moderate	Luxembourg	Luxembourg	31-Mar-2018	Aggregate MFs
793	Spot Trading LLC	1,960	0.00	-9,607	-83.06	0.12	-0.60	Broker-Dealer	778.68	High	Chicago	United States	30-Sep-2017	13F
794	Convergent Wealth Advisors	1,950	0.00	0	0.00	0.15	0.00		461.05		Potomac	United States	30-Sep-2016	13F
795	Virtus Investment Advisers, Inc.	1,935	0.00	-257	-11.72	0.13	-0.02	GARP	1,195.39	Moderate	Hartford	United States	31-Dec-2017	13F
796	Swiss Life Asset Management	1,878	0.00	1,878	100.00	0.12	0.12	Index	1,111.67	Low	Zurich	Switzerland	31-Aug-2017	Aggregate MFs
797	Seacrest Wealth Management, LLC	1,876	0.00	1,876	100.00	0.13	0.13		544.97		Purchase	United States	31-Dec-2017	13F
798	Bronfman E.L. Rothschild, L.P	1,868	0.00	117	6.68	0.13	0.01		1,022.93	Low	Rockville	United States	31-Dec-2017	13F
799	Ofi Asset Management	1,868	0.00	-135	-6.74	0.13	-0.01	GARP	2,724.00	Low	Paris	France	31-May-2017	Aggregate MFs
800	Resources Investment Advisors, Inc.	1,859	0.00	737	65.69	0.13	0.05		428.09	Moderate	Overland Park	United States	31-Dec-2017	13F
801	Templeton Investment Counsel, L.L.C.	1,833	0.00	-79	-4.13	0.12	-0.01	Core Value	62,295.40	Low	Fort Lauderdale	United States	28-Feb-2018	Aggregate MFs
802	Efficient Select (Pty) Ltd.	1,800	0.00	1,800	100.00	0.12	0.12	Core Value	69.27	High	Pretoria	South Africa	31-Dec-2017	Aggregate MFs
803	Nikko Asset Management Americas, Inc.	1,800	0.00	0	0.00	0.12	0.00	Core Value	3,907.62	Moderate	New York	United States	31-Dec-2017	13F
804	Washington Trust Bank	1,765	0.00	0	0.00	0.11	0.00	Core Value	697.04	Low	Spokane	United States	31-Mar-2018	13F
805	Amica Retiree Medical Trust	1,687	0.00	0	0.00	0.11	0.00		132.13	Low	Lincoln	United States	31-Dec-2017	13F
806	Allianz Global Investors U.S. LLC	1,681	0.00	-335	-16.62	0.11	-0.02	Core Growth	48,576.96	Low	San Diego	United States	31-Dec-2017	13F
807	Fuller & Thaler Asset Management Inc.	1,600	0.00	0	0.00	0.11	0.00	GARP	8,664.09	Low	San Mateo	United States	31-Dec-2017	13F
808	Kanaly Trust Company	1,587	0.00	-4,999	-75.90	0.12	-0.37	Core Growth	467.53		Houston	United States	31-Dec-2016	13F
809	Versant Capital Management, Inc.	1,568	0.00	-8	-0.51	0.10	0.00		243.64		Phoenix	United States	31-Mar-2018	13F
810	Johnson Financial Group Inc.	1,525	0.00	-857	-35.98	0.10	-0.06	Deep Value	815.75	Low	Racine	United States	31-Dec-2017	13F
811	Ibercaja Gestión S.G.I.I.C., S.A.	1,500	0.00	-1	-0.07	0.10	0.00	Growth	3,183.38	Moderate	Zaragoza	Spain	31-Dec-2017	Aggregate MFs
812	Samsung Asset Management Co., Ltd.	1,485	0.00	28	1.92	0.10	0.00	Core Value	11,757.98	Low	Seoul	Korea, Rep. (South)	31-Mar-2018	Aggregate MFs
813	Principal Management Corporation	1,483	0.00	-322	-17.84	0.10	-0.02		14,149.17	Moderate	Des Moines	United States	28-Feb-2018	Aggregate MFs
814	DBX Advisors LLC	1,461	0.00	1,461	100.00	0.10	0.10		166.29	Moderate		United States	31-Dec-2017	13F
815	RBC Wealth Management, International	1,441	0.00	706	96.05	0.10	0.05	Core Growth	18,865.68	Low	New York	United States	31-Dec-2017	13F
816	GLOBALT Investments	1,434	0.00	400	38.68	0.10	0.03	Growth	1,380.83	Low	Atlanta	United States	31-Dec-2017	13F
817	YorkBridge Wealth Partners, LLC	1,416	0.00	1,416	100.00	0.10	0.10		207.68	Low	New York	United States	31-Dec-2017	13F
818	Tower Research Capital LLC	1,412	0.00	1,412	100.00	0.10	0.10	Hedge Fund	764.12	High	New York	United States	31-Dec-2017	13F
819	Russell Investments Canada Limited	1,401	0.00	1,401	100.00	0.10	0.10		1,060.06	Moderate	Toronto	Canada	31-Dec-2017	Aggregate MFs
820	Frankfurt-Trust Investment-Gesellschaft mbH	1,377	0.00	4	0.29	0.09	0.00	Core Growth	5,174.66	Low	Frankfurt	Germany	28-Feb-2018	Aggregate MFs
821	DZ Bank AG Deutsche Zentral-Genossenschaftsbank	1,374	0.00	-4,676	-77.29	0.09	-0.32		24,908.94	Low	Frankfurt	Germany	31-Dec-2017	13F
822	Guardian Investor Services LLC	1,368	0.00	-25	-1.79	0.09	0.00	Core Growth	130.02	Low	New York	United States	28-Feb-2018	Aggregate MFs
823	Foresters Investment Management Company, Inc.	1,365	0.00	1,365	100.00	0.09	0.09	GARP	6,510.79	Low	New York	United States	31-Dec-2017	13F
824	Cavalier Investments, LLC	1,350	0.00	-110	-7.53	0.09	-0.01		272.64	Moderate	Alpharetta	United States	31-Mar-2018	Aggregate MFs
825	RBC Capital Markets (Canada)	1,334	0.00	1,334	100.00	0.10	0.10	N/A	69.77	Low	Toronto	Canada	30-Sep-2016	13F
826	Bessemer Trust Company, N.A. (US)	1,310	0.00	-126	-8.77	0.09	-0.01	Growth	32,725.71	Low	New York	United States	31-Dec-2017	13F

827	Morgan Stanley Investment Management Ltd. (UK)	1,295	0.00	-19	-1.45	0.09	0.00	Core Value	30,745.04	Low	London	England	31-Dec-2017	13F
828	RBC Global Asset Management Inc.	1,292	0.00	50	4.03	0.09	0.00	Core Value	66,726.80	Low	Toronto	Canada	31-Dec-2017	13F
829	Country Trust Bank	1,262	0.00	0	0.00	0.09	0.00	GARP	2,321.08	Low	Bloomington	United States	31-Dec-2017	13F
830	Alps Advisors, Inc.	1,234	0.00	116	10.38	0.08	0.01	Yield	14,959.23	Low	Denver	United States	31-Mar-2018	Aggregate MFs
831	W & W Asset Management GmbH	1,226	0.00	-11,000	-89.97	0.08	-0.75	Core Growth	939.83	Moderate	Ludwigsburg	Germany	31-Jan-2018	Aggregate MFs
832	Exane Derivatives	1,115	0.00	-711	-38.94	0.08	-0.05		475.10	High	Paris	France	31-Dec-2017	13F
833	Welzia Management SGIIC S.A.	1,101	0.00	-2,616	-70.38	0.08	-0.19	Deep Value	132.28	High	Madrid	Spain	31-Dec-2016	Aggregate MFs
834	The MassMutual Trust Company, FSB	1,100	0.00	0	0.00	0.07	0.00		1,206.82	Moderate	Enfield	United States	31-Dec-2017	13F
835	NFJ Investment Group LLC	1,034	0.00	347	50.51	0.07	0.02		9,011.00	Low	Dallas	United States	31-Dec-2017	Aggregate MFs
836	M&R Capital Management Inc.	1,026	0.00	0	0.00	0.07	0.00	Core Value	431.53	Low	New York	United States	31-Dec-2017	13F
837	Rothschild et Cie Gestion	1,006	0.00	-198	-16.45	0.07	-0.01	GARP	4,366.70	Moderate	Paris	France	30-Jun-2017	Aggregate MFs
838	Mosaic Family Wealth, LLC	1,000	0.00	0	0.00	0.07	0.00		274.71	Low	St. Louis	United States	31-Dec-2017	13F
839	Cavanal Hill Investment Management, Inc.	965	0.00	-44	-4.36	0.06	0.00	Core Growth	140.69	Moderate	Tulsa	United States	28-Feb-2018	Aggregate MFs
840	Monega Kapitalanlagegesellschaft mbH	958	0.00	0	0.00	0.07	0.00		502.70	Low	Cologne	Germany	31-Jan-2018	Aggregate MFs
841	Manchester Capital Management LLC	954	0.00	0	0.00	0.06	0.00		665.91	Low	Manchester	United States	31-Dec-2017	13F
842	Artisan Partners Limited Partnership	953	0.00	192	25.23	0.06	0.01	Core Growth	97,302.56	Low	Milwaukee	United States	31-Dec-2017	Aggregate MFs
843	Barclays Bank PLC Hong Kong	950	0.00	0	0.00	0.07	0.00		593.50	Low	Central (Hong Kong)	Hong Kong SAR	30-Jun-2017	13F
844	ACSI Funds	926	0.00	239	34.79	0.06	0.02	Hedge Fund	29.58	Low	Ann Arbor	United States	28-Feb-2018	Aggregate MFs
845	Creative Financial Group Ltd.	900	0.00	0	0.00	0.06	0.00	Aggres. Gr.	259.80	Moderate	Atlanta	United States	31-Dec-2017	13F
846	Nomura Asset Management (UK) Ltd.	900	0.00	0	0.00	0.06	0.00	Core Growth	467.85	High	London	England	31-Dec-2017	13F
847	Dacheng Fund Management Co., Ltd.	892	0.00	701	367.02	0.07	0.05	Growth	7,929.46	Moderate	Shenzhen	China	31-Dec-2016	Aggregate MFs
848	Valley National Advisers Inc.	888	0.00	1	0.11	0.06	0.00		268.96	Low	Bethlehem	United States	31-Mar-2018	13F
849	Advice Capital A/S	873	0.00	0	0.00	0.06	0.00		2.47	Low	Copenhagen	Denmark	31-Dec-2017	Aggregate MFs
850	Neuberger Berman Breton Hill ULC	828	0.00	24	2.99	0.05	0.00	Hedge Fund	1,283.23	Low	Toronto	Canada	28-Feb-2018	Aggregate MFs
851	Kiley Juergens Wealth Management, L.L.C.	816	0.00	816	100.00	0.06	0.06		111.56		Washington	United States	31-Dec-2017	13F
852	North Star Investment Management Corporation	806	0.00	0	0.00	0.05	0.00	Deep Value	854.25	Low	Chicago	United States	31-Mar-2018	13F
853	Franklin Advisers, Inc.	804	0.00	-328	-28.98	0.05	-0.02	Income Value	137,150.40	Low	San Mateo	United States	31-Dec-2017	13F
854	Guardian Life Insurance Company of America	804	0.00	237	41.80	0.05	0.02		466.09	High	New York	United States	31-Dec-2017	13F
855	LMCG Investments, LLC	800	0.00	0	0.00	0.05	0.00	Growth	5,463.59	Low	Boston	United States	31-Dec-2017	13F
856	Webster Financial Advisors	800	0.00	-200	-20.00	0.05	-0.01	Core Value	692.27	Low	Hartford	United States	31-Mar-2018	13F
857	The Index Group, Inc.	781	0.00	182	30.38	0.05	0.01	Index	26.23	Moderate	Colorado Springs	United States	31-Dec-2017	Aggregate MFs
858	Monetary Management Group, Inc.	750	0.00	0	0.00	0.05	0.00	Core Growth	248.14	Low	St. Louis	United States	31-Dec-2017	13F
859	San Francisco Sentry Investment Group	745	0.00	78	11.69	0.05	0.01	Hedge Fund	341.59	Moderate	San Francisco	United States	31-Dec-2017	13F
860	State Street Global Advisors Australia Ltd.	744	0.00	0	0.00	0.05	0.00	Index	6,845.99	Low	Sydney	Australia	31-Jan-2018	Aggregate MFs
861	Union Bank & Trust Company (Nebraska)	743	0.00	650	698.92	0.05	0.04	Core Growth	1,327.18	Low	Lincoln	United States	31-Mar-2018	13F
862	Icon Wealth Partners, LLC	734	0.00	734	100.00	0.05	0.05		201.73		Houston	United States	31-Dec-2017	13F
863	Perkins Investment Management LLC	731	0.00	731	100.00	0.05	0.05	Deep Value	5,268.74	Moderate	Chicago	United States	31-Dec-2017	Aggregate MFs
864	St. Galler Kantonalbank AG	723	0.00	144	24.87	0.05	0.01	Core Value	588.82	Low		Switzerland	31-Dec-2017	Aggregate MFs
865	Hudock Moyer Wealth Resources, LLC	715	0.00	0	0.00	0.05	0.00		229.36	Low	Williamsport	United States	31-Dec-2017	13F
866	Parallel Advisors, LLC	708	0.00	94	15.31	0.05	0.01		610.35	Low	San Francisco	United States	31-Dec-2017	13F
867	Hauck & Aufhäuser Investment Gesellschaft S.A.	700	0.00	700	100.00	0.05	0.05	Core Growth	837.23	Low	Luxembourg	Luxembourg	31-Dec-2016	Aggregate MFs
868	Nelson Roberts Investment Advisors, LLC	700	0.00	700	100.00	0.05	0.05	GARP	320.55	Low	Menlo Park	United States	31-Dec-2017	13F
869	CA Indosuez Wealth (Europe) S.A.	631	0.00	631	100.00	0.04	0.04	Core Value	1,316.58	Moderate	Luxembourg	Luxembourg	31-Dec-2017	13F
870	Cable Hill Partners, LLC	607	0.00	80	15.18	0.04	0.01		227.39	Low	Portland	United States	31-Dec-2017	13F
871	Swiss Rock Asset Management AG	600	0.00	-800	-57.14	0.04	-0.05	Deep Value	406.36	Low	Zurich	Switzerland	30-Sep-2017	Aggregate MFs
872	James Hambro & Partners LLP	575	0.00	575	100.00	0.04	0.04		230.49	High	London	England	31-Dec-2017	13F
873	Quadrant Family Wealth Advisors	575	0.00	348	153.30	0.04	0.02		257.73	Low	Cincinnati	United States	31-Dec-2017	13F
874	ABN AMRO Investment Solutions (AAIS)	573	0.00	102	21.66	0.04	0.01	Growth	10,310.98	Low	Paris	France	31-Jan-2018	Aggregate MFs
875	Advisory Research, Inc.	566	0.00	566	100.00	0.04	0.04	Core Value	9,117.74	Low	Chicago	United States	30-Sep-2017	Aggregate MFs
876	NORD/LB Asset Management AG	559	0.00	0	0.00	0.04	0.00	GARP	426.04	Low	Hanover	Germany	31-Aug-2017	Aggregate MFs
877	Jennison Associates LLC	550	0.00	50	10.00	0.04	0.00	Growth	108,349.33	Low	New York	United States	31-Dec-2017	13F
878	Independence Bank of Kentucky	537	0.00	0	0.00	0.03	0.00		117.47	Low	Owensboro	United States	31-Mar-2018	13F
879	Stoker Ostler Wealth Advisors, Inc.	534	0.00	0	0.00	0.03	0.00	GARP	435.01	Low	Scottsdale	United States	31-Mar-2018	13F
880	T&D Asset Management Co., Ltd.	520	0.00	520	100.00	0.04	0.04	GARP	430.07	Low	Minato-ku (Tokyo)	Japan	28-Feb-2017	Aggregate MFs
881	BB&T Investment Services,Inc	512	0.00	0	0.00	0.03	0.00		594.26	Moderate	Charlotte	United States	31-Dec-2017	13F
882	C. M. Bidwell & Associates, Ltd.	505	0.00	0	0.00	0.03	0.00	GARP	115.75	High	Honolulu	United States	31-Dec-2017	13F
883	Cornerstone Capital Management LLC	500	0.00	-29,061	-98.31	0.04	-2.15	Core Growth	966.21	Low	Minneapolis	United States	28-Feb-2017	Aggregate MFs
884	IHT Wealth Management, LLC	493	0.00	13	2.71	0.03	0.00	Deep Value	368.45	Moderate	Chicago	United States	31-Dec-2017	13F
885	Horizons ETFs Management (Canada) Inc.	476	0.00	-221	-31.71	0.03	-0.01	Core Growth	972.40	Moderate	Toronto	Canada	31-Mar-2018	Aggregate MFs
886	Fieldpoint Private Bank & Trust	472	0.00	250	112.61	0.03	0.02	Income Value	188.65	High	Greenwich	United States	31-Dec-2017	13F
887	Bosera Asset Management Co., Ltd.	461	0.00	43	10.29	0.03	0.00	GARP	14,683.41	Low	Shenzhen	China	31-Dec-2016	Aggregate MFs
888	Omega Global Investors Pty Ltd.	456	0.00	76	20.00	0.03	0.00		65.09	High	Melbourne	Australia	31-Oct-2017	Aggregate MFs
889	Winslow, Evans & Crocker, Inc.	440	0.00	-226	-33.93	0.03	-0.02		310.59	Low	Boston	United States	31-Dec-2017	13F
890	Duncker, Streett & Co., L.L.C.	433	0.00	0	0.00	0.03	0.00	GARP	389.00	Low	St. Louis	United States	31-Dec-2017	13F
891	Herndon Capital Management, LLC	432	0.00	138	46.94	0.03	0.01	GARP	836.76	Low	Atlanta	United States	30-Jun-2017	13F
892	Liberty Capital Management, Inc.	420	0.00	-275	-39.57	0.03	-0.02	Core Growth	183.75	Low	Birmingham	United States	31-Dec-2017	13F
893	Evercore Wealth Management, LLC	412	0.00	-212	-33.97	0.03	-0.01	GARP	2,694.30	Low	New York	United States	31-Dec-2017	13F
894	Jacobi Capital Management, LLC	412	0.00	151	57.85	0.03	0.01		302.03	Low	Wilkes Barre	United States	31-Dec-2017	13F
895	Parkside Financial Bank & Trust	405	0.00	-54	-11.76	0.03	0.00	Yield	269.00	Low	St. Louis	United States	31-Dec-2017	13F
896	CAPTRUST Financial Advisors	400	0.00	400	100.00	0.03	0.03	Yield	1,648.25	Moderate	Raleigh	United States	31-Dec-2017	13F
897	Monroe Bank & Trust	400	0.00	400	100.00	0.03	0.03	Income Value	320.36	Low	Monroe	United States	31-Dec-2017	13F
898	Summit Trail Advisors, LLC	400	0.00	400	100.00	0.03	0.03		745.47		New York	United States	31-Dec-2017	13F
899	The Trust Company (Manhattan)	400	0.00	0	0.00	0.03	0.00		270.64	High	Manhattan	United States	31-Mar-2018	13F
900	Gryphon Financial Partners LLC	393	0.00	393	100.00	0.03	0.03		175.80		Columbus	United States	31-Dec-2017	13F
901	Banca Passadore & C. S.p.A.	380	0.00	380	100.00	0.03	0.03		37.58	High	Genova	Italy	28-Feb-2018	Aggregate MFs
902	Manifold Fund Advisors, LLC	380	0.00	-8,415	-95.68	0.02	-0.52	Core Growth	155.35	Moderate	New York	United States	30-Sep-2017	Aggregate MFs
903	Franklin Templeton Portfolio Advisors, Inc	372	0.00	8	2.20	0.02	0.00	Yield	2,449.50	Low	San Mateo	United States	31-Mar-2018	Aggregate MFs
904	Truffle Asset Management (Pty) Limited	370	0.00	370	100.00	0.03	0.03		398.65	Moderate	Johannesburg	South Africa	31-Dec-2017	Aggregate MFs
905	Cornerstone Advisors, Inc. (WA)	369	0.00	291	373.08	0.02	0.02	Yield	250.76	Low	Bellevue	United States	31-Mar-2018	13F
906	Migdal Insurance and Financial Holdings Ltd	356	0.00	102	40.16	0.02	0.01		4,128.04	Low	Petach Tikva	Israel	31-Dec-2017	13F
907	The Patten Group, Inc.	346	0.00	0	0.00	0.02	0.00		252.25	Low	Chattanooga	United States	31-Dec-2017	13F
908	ETF Securities Advisors LLC	342	0.00	-18	-5.00	0.03	0.00		137.06	Low	New York	United States	30-Sep-2016	Aggregate MFs
909	Oakworth Capital Bank	330	0.00	0	0.00	0.02	0.00		421.38	Low	Birmingham	United States	31-Dec-2017	13F
910	Casa4Funds Luxembourg European Asset Management S.A.	324	0.00	0	0.00	0.02	0.00	Core Growth	246.88	Moderate	Luxembourg	Luxembourg	30-Jun-2017	Aggregate MFs
911	MAINSTAY CAPITAL MANAGEMENT LLC /ADV	316	0.00	316	100.00	0.02	0.02		119.08		Grand Blanc	United States	31-Dec-2017	13F
912	Aevitas Wealth Management, Inc.	300	0.00	300	100.00	0.02	0.02		105.37		Wellesley Hills	United States	31-Dec-2017	13F
913	Dubuque Bank and Trust Company	300	0.00	0	0.00	0.02	0.00	GARP	660.41	Low	Dubuque	United States	31-Dec-2017	13F
914	Highlander Capital Management, LLC	300	0.00	0	0.00	0.02	0.00	Core Growth	112.01	Low	Short Hills	United States	31-Dec-2017	13F
915	Isthmus Partners, LLC	300	0.00	0	0.00	0.02	0.00		367.48	Low	Madison	United States	31-Dec-2017	13F
916	Renaissance Wealth Management	300	0.00	300	100.00	0.02	0.02		99.66	High	Gauteng	South Africa	31-Dec-2017	Aggregate MFs
917	Risk Paradigm Group, LLC	300	0.00	0	0.00	0.02	0.00	Hedge Fund	93.16	Low	Austin	United States	31-Dec-2017	13F
918	JNBA Financial Advisors Inc.	299	0.00	0	0.00	0.02	0.00		474.49	Low	Minneapolis	United States	31-Dec-2017	13F
919	UBS Asset Management (Australia) Ltd.	281	0.00	0	0.00	0.02	0.00	GARP	835.50	Low	Sydney	Australia	31-Mar-2018	Aggregate MFs
920	Desjardins Global Asset Management	256	0.00	0	0.00	0.02	0.00	Core Value	4,638.54	Low	Montreal	Canada	28-Feb-2018	Aggregate MFs
921	Hanson & Doremus Investment Management, Inc.	256	0.00	0	0.00	0.02	0.00	Core Value	298.93	Low	Burlington	United States	31-Dec-2017	13F
922	Madrona Funds, LLC	253	0.00	129	104.03	0.02	0.01	Core Growth	61.12	Moderate	Everett	United States	28-Feb-2018	Aggregate MFs
923	Vigilant Capital Management, LLC	250	0.00	0	0.00	0.02	0.00	GARP	702.65	Low	Portland	United States	31-Mar-2018	13F
924	Diamond Hill Capital Management Inc.	245	0.00	-11	-4.30	0.02	0.00	Deep Value	21,468.24	Low	Columbus	United States	31-Mar-2018	Aggregate MFs
925	Endurance Wealth Management, Inc.	240	0.00	0	0.00	0.02	0.00	Core Growth	595.08	Low	Providence	United States	31-Mar-2018	13F
926	First Command Bank	240	0.00	-798	-76.88	0.02	-0.05		184.97	Low	Fort Worth	United States	31-Mar-2018	13F
927	First Command Financial Services, Inc.	240	0.00	-798	-76.88	0.02	-0.05		184.97	Low	Fort Worth	United States	31-Mar-2018	13F
928	Kaizen Advisory, LLC	234	0.00	234	100.00	0.02	0.02	Hedge Fund	151.47	High	Wheaton	United States	31-Dec-2017	13F
929	InR Advisory Services, LLC	232	0.00	0	0.00	0.02	0.00		732.13	Low	Media	United States	31-Dec-2017	13F
930	CenterStar Asset Management, LLC	231	0.00	231	100.00	0.02	0.02	Hedge Fund	139.90		Chicago	United States	31-Dec-2017	13F
931	CREATIVE FINANCIAL DESIGNS INC /ADV	227	0.00	227	100.00	0.02	0.02		122.36		Kokomo	United States	31-Dec-2016	13F
932	Rinehart Wealth Management	225	0.00	0	0.00	0.02	0.00		509.46	Low	Charlotte	United States	31-Dec-2017	13F
933	Price Wealth Management, Inc.	224	0.00	224	100.00	0.02	0.02	Core Growth	152.75		Austin	United States	31-Dec-2017	13F
934	Carroll Financial Associates, Inc.	222	0.00	0	0.00	0.01	0.00	Yield	910.80	Low	Charlotte	United States	31-Mar-2018	13F
935	TLP Trading, LLC	221	0.00	221	100.00	0.02	0.02	VC/Private Equity	137.99	High	Lake Forest	United States	31-Dec-2017	13F
936	Pin Oak Investment Advisors, Inc.	217	0.00	217	100.00	0.01	0.01	Deep Value	130.21		Houston	United States	31-Dec-2017	13F
937	Legacy Financial Advisors, Inc.	216	0.00	-2,028	-90.37	0.01	-0.13		249.62	Low	Covington	United States	31-Mar-2018	13F
938	Tungsten Capital Management GmbH	215	0.00	215	100.00	0.01	0.01	Core Value	13.08	Low	Frankfurt	Germany	30-Sep-2017	Aggregate MFs
939	Alpha Asset Management (Pty) Ltd.	210	0.00	210	100.00	0.01	0.01	Hedge Fund	3.41	Moderate	Cape Town	South Africa	31-Dec-2017	Aggregate MFs
940	QCI Asset Management Inc.	203	0.00	0	0.00	0.01	0.00	Core Growth	975.31	Low	Pittsford	United States	31-Dec-2017	13F
941	1832 Asset Management L.P.	200	0.00	200	100.00	0.01	0.01	GARP	40,954.90	Moderate	Toronto	Canada	31-Dec-2017	13F
942	Adirondack Trust Company	200	0.00	0	0.00	0.01	0.00	Yield	137.29	Low	Saratoga Springs	United States	31-Dec-2017	13F
943	The Patriot Financial Group, LLC	194	0.00	0	0.00	0.01	0.00		131.18	Low	Westborough	United States	31-Dec-2017	13F
944	TCI Wealth Advisors, Inc.	192	0.00	0	0.00	0.01	0.00		227.47	Low	Tucson	United States	31-Dec-2017	13F
945	Federated MDTA LLC	187	0.00	187	100.00	0.01	0.01	GARP	4,503.06	Moderate	Boston	United States	31-Dec-2017	13F
946	Acadian Asset Management LLC	180	0.00	-290,671	-99.94	0.01	-18.90	Deep Value	33,649.01	Moderate	Boston	United States	31-Mar-2018	13F
947	Arabesque Asset Management Ltd	173	0.00	173	100.00	0.01	0.01		39.81	High	London	England	31-Dec-2017	Aggregate MFs
948	Delta Asset Management, LLC	170	0.00	95	126.67	0.01	0.01	Core Value	709.21	Low	Memphis	United States	31-Dec-2017	13F
949	Gemmer Asset Management LLC	170	0.00	5	3.03	0.01	0.00	GARP	288.63	Low	Walnut Creek	United States	31-Dec-2017	13F
950	Asset Dedication, LLC	168	0.00	-96	-36.36	0.01	-0.01		201.58	Low	San Francisco	United States	31-Mar-2018	13F
951	Fiduciary Trust Company of Canada	159	0.00	159	100.00	0.01	0.01	GARP	486.69	Moderate	Calgary	Canada	31-Dec-2017	13F
952	Kings Point Capital Management L.L.C.	159	0.00	159	100.00	0.01	0.01	Hedge Fund	474.92	Low	Great Neck	United States	31-Dec-2017	13F
953	Berner Kantonalbank AG	157	0.00	-47	-23.04	0.01	0.00		811.79	Low		Switzerland	31-Dec-2017	Aggregate MFs
954	Cranbrook Wealth Management, LLC	152	0.00	0	0.00	0.01	0.00		253.46	Low	Troy	United States	31-Dec-2017	13F
955	Glassman Wealth Services LLC	151	0.00	1	0.67	0.01	0.00		164.44	Low	McLean	United States	31-Dec-2017	13F
956	We Are One Seven, LLC	145	0.00	145	100.00	0.01	0.01		215.25			United States	31-Dec-2017	13F
957	Insight Investment Management (Global) Limited	144	0.00	144	100.00	0.01	0.01	Core Growth	4,254.84	Low	London	England	31-Aug-2016	Aggregate MFs
958	Sumitomo Mitsui Trust Asset Management Co., Ltd.	141	0.00	-17,323	-99.19	0.01	-1.24	Core Growth	10,588.92	Low	Minato-ku (Tokyo)	Japan	31-May-2017	Aggregate MFs
959	Vantage Investment Advisory Limited	134	0.00	0	0.00	0.01	0.00	N/A	432.69	Low	London	England	31-Dec-2017	13F
960	Advantage Investment Management, LLC	133	0.00	0	0.00	0.01	0.00	Core Value	322.30	Moderate	Cedar Rapids	United States	31-Dec-2017	13F
961	Krilogy Financial LLC	133	0.00	0	0.00	0.01	0.00	Growth	414.23	Low	St. Louis	United States	31-Dec-2017	13F
962	Tompkins Trust Company	130	0.00	47	56.63	0.01	0.00	Core Value	436.34	Low	Ithaca	United States	31-Dec-2017	13F
963	JCI Capital Limited	121	0.00	121	100.00	0.01	0.01		9.83	Moderate	London	England	31-Aug-2016	Aggregate MFs
964	Proficio Capital Partners	118	0.00	91	337.04	0.01	0.01		256.57	Low	Newton	United States	31-Dec-2017	13F

965	Assetmark, Inc.	115	0.00	76	194.87	0.01	0.01		9,861.44	Moderate	Concord	United States	31-Dec-2017	13F
966	EARNEST Partners, LLC	114	0.00	114	100.00	0.01	0.01	Core Value	11,730.54	Low	Atlanta	United States	31-Dec-2017	13F
967	WealthTrust-Arizona, LLC	107	0.00	1	0.94	0.01	0.00	Core Growth	189.58	Low	Scottsdale	United States	31-Mar-2018	13F
968	Tarbox Family Office, Inc.	102	0.00	-26	-20.31	0.01	0.00		252.35	Low	Newport Beach	United States	31-Dec-2017	13F
969	Capital Advisors, Ltd., LLC	101	0.00	1	1.00	0.01	0.00		303.04	Low	Shaker Heights	United States	31-Dec-2017	13F
970	Century Securities Associates, Inc.	100	0.00	-15	-13.04	0.01	0.00	Core Growth	185.08	Low	St. Louis	United States	31-Dec-2017	13F
971	Northwest Wealth Management, LLC	100	0.00	100	100.00	0.01	0.01		134.01	Moderate	Spencer	United States	31-Mar-2018	13F
972	AdvisorNet Financial, Inc	99	0.00	99	100.00	0.01	0.01		657.35		Minneapolis	United States	31-Dec-2017	13F
973	Cloud Capital LLC	98	0.00	-126	-56.25	0.01	-0.01	Core Growth	8.24		Tulsa	United States	28-Feb-2017	Aggregate MFs
974	FinEx Capital Management LLP	96	0.00	0	0.00	0.01	0.00		18.56	Low	London	England	31-Mar-2018	Aggregate MFs
975	Wells Fargo Securities, LLC	93	0.00	93	100.00	0.01	0.01	Broker-Dealer	1,763.20	High	San Francisco	United States	31-Dec-2017	13F
976	First Capital Advisors Group, LLC	84	0.00	84	100.00	0.01	0.01		172.58	Moderate	Little Silver	United States	31-Mar-2018	13F
977	Mid-Continent Capital, LLC	75	0.00	0	0.00	0.01	0.00	Core Growth	1,620.14	Low	Chicago	United States	31-Dec-2017	13F
978	T. Rowe Price International (UK) Ltd.	71	0.00	71	100.00	0.00	0.00	GARP	62,999.83	Low	London	England	31-Dec-2017	Aggregate MFs
979	Balentine LLC	70	0.00	70	100.00	0.00	0.00		1,266.95	High	Atlanta	United States	31-Dec-2017	13F
980	Omnia Family Wealth, LLC	69	0.00	69	100.00	0.00	0.00		218.39	Low	Aventura	United States	31-Dec-2017	13F
981	Willingdon Wealth Management Inc.	68	0.00	68	100.00	0.00	0.00		304.31	Moderate	Huntersville	United States	31-Dec-2017	13F
982	Signature Wealth Management Group	64	0.00	0	0.00	0.00	0.00		129.62	Low	Atlanta	United States	31-Mar-2018	13F
983	Thurgauer Kantonalbank	62	0.00	4	6.90	0.00	0.00	Specialty	94.60	Moderate		Switzerland	31-Dec-2017	Aggregate MFs
984	IST Investmentstiftung	55	0.00	1	1.85	0.00	0.00	Core Value	295.49	Low	Zurich	Switzerland	28-Feb-2018	Aggregate MFs
985	Strategic Wealth Partners, Ltd.	55	0.00	55	100.00	0.00	0.00		178.77		Oak Harbor	United States	31-Dec-2017	13F
986	Accurate Investment Solutions, Inc	53	0.00	-51	-49.04	0.00	0.00		132.28	Moderate	Sarver	United States	31-Mar-2018	13F
987	Horizons ETFs Management (US) LLC	47	0.00	0	0.00	0.00	0.00		224.74	Low	New York	United States	31-Aug-2017	Aggregate MFs
988	Rossmore Private Capital	45	0.00	45	100.00	0.00	0.00		99.25		Rocky Hill	United States	31-Dec-2017	13F
989	First State Investments (U.K.) Ltd	38	0.00	0	0.00	0.00	0.00		4,660.81	Low	London	England	31-Dec-2017	Aggregate MFs
990	Nelson, Van Denburg & Campbell Wealth Management Group, LLC	34	0.00	-6	-15.00	0.00	0.00		448.89	Moderate	Omaha	United States	31-Dec-2017	13F
991	J.P. Morgan Securities plc	31	0.00	-19	-38.00	0.00	0.00	Broker-Dealer	2,449.89	Moderate	London	England	31-Dec-2017	13F
992	Clear Perspective Advisors, LLC	27	0.00	0	0.00	0.00	0.00		130.24	Low	Aurora	United States	31-Dec-2017	13F
993	Delpha Capital Management, L.L.C.	27	0.00	27	100.00	0.00	0.00		66.72		New York	United States	31-Dec-2017	13F
994	Man Investments, Ltd.	24	0.00	-30	-55.56	0.00	0.00	Hedge Fund	9.25		London	England	28-Feb-2017	Aggregate MFs
995	Hillsdale Investment Management Inc.	20	0.00	-10	-33.33	0.00	0.00	Growth	723.29	Moderate	Toronto	Canada	31-Dec-2017	13F
996	Tortoise Investment Management, LLC	19	0.00	0	0.00	0.00	0.00		348.35	Low	White Plains	United States	31-Dec-2017	13F
997	Benson Investment Management Company, Inc.	10	0.00	10	100.00	0.00	0.00		123.53	Moderate	Roanoke	United States	31-Mar-2018	13F
998	Parisi Gray Wealth Management, LLC	10	0.00	10	100.00	0.00	0.00		132.82		Bedminster	United States	31-Dec-2017	13F
999	Wealthcare Advisory Partners LLC	1	0.00	0	0.00	0.00	0.00		383.51	Low	Richmond	United States	31-Dec-2017	13F
1000	361 Capital LLC	0	0.00	-12,137	-100.00	0.00	-0.83		593.80	High	Denver	United States	31-Dec-2017	13F
1001	AJO, LP	0	0.00	-163,211	-100.00	0.00	-11.34	Deep Value	24,760.72	Moderate	Philadelphia	United States	30-Jun-2017	13F
1002	AZ FUND Management SA	0	0.00	-79,000	-100.00	0.00	-5.49	GARP	7,274.67	Low	Luxembourg	Luxembourg	30-Jun-2017	Aggregate MFs
1003	Accident Compensation Corporation	0	0.00	-6,500	-100.00	0.00	-0.44	Core Value	2,108.99	Low	Wellington	New Zealand	31-Dec-2017	13F
1004	Aldebaran Financial, Inc	0	0.00	-2,876	-100.00	0.00	-0.20		147.62	Low	Kingsport	United States	30-Jun-2017	13F
1005	Alethea Capital Management, LLC	0	0.00	-9,622	-100.00	0.00	-0.70		73.56	High	Rancho Santa Fe	United States	31-Mar-2017	13F
1006	Alfred Berg Kapitalforvaltning AS	0	0.00	-602	-100.00	0.00	-0.04	Core Value	1,233.09	Low	Oslo	Norway	30-Sep-2017	Aggregate MFs
1007	Alfred Berg Kapitalförvaltning AB	0	0.00	-22,920	-100.00	0.00	-1.69	Core Growth	6,694.68	Low	Stockholm	Sweden	31-Dec-2016	13F
1008	Allianz Global Investors GmbH	0	0.00	-319	-100.00	0.00	-0.02	GARP	118,071.43	Low	Frankfurt	Germany	31-Mar-2017	13F
1009	Allianz Global Investors Taiwan Ltd.	0	0.00	-38,000	-100.00	0.00	-2.80	Core Growth	1,307.27	Moderate	Taipei	Taiwan, R.O.C.	31-Dec-2016	13F
1010	Alpha Architect, LLC	0	0.00	-158	-100.00	0.00	-0.01		392.14	Moderate	Cleveland	United States	31-Mar-2017	13F
1011	Alpha Omega Wealth Management	0	0.00	-150	-100.00	0.00	-0.01		203.93	Low	Richmond	United States	30-Sep-2017	13F
1012	Alphamark Advisors, LLC	0	0.00	-20	-100.00	0.00	0.00	GARP	258.52	Low	Fort Mitchell	United States	30-Sep-2017	13F
1013	Altfest Personal Wealth Management	0	0.00	-2,891	-100.00	0.00	-0.20		300.55	High	New York	United States	30-Jun-2017	13F
1014	Alyeska Investment Group, L.P.	0	0.00	-52,239	-100.00	0.00	-3.63	Hedge Fund	11,121.39	High	Chicago	United States	30-Jun-2017	13F
1015	Amilton Asset Management	0	0.00	-1,425	-100.00	0.00	-0.11		140.08	High	Paris	France	30-Sep-2016	Aggregate MFs
1016	Ancora Advisors, L.L.C.	0	0.00	-751	-100.00	0.00	-0.05	Core Value	1,848.06	Low	Cleveland	United States	31-Mar-2017	13F
1017	Appleton Partners, Inc.	0	0.00	-3,070	-100.00	0.00	-0.20	GARP	659.16	Low	Boston	United States	31-Mar-2018	13F
1018	Apriem Advisors	0	0.00	-39	-100.00	0.00	0.00	Core Growth	402.85	Low	Irvine	United States	30-Jun-2017	13F
1019	Arcadia Investment Management Corp.	0	0.00	-700	-100.00	0.00	-0.04	Growth	360.29	Low	Kalamazoo	United States	30-Sep-2017	13F
1020	Arrowstreet Capital, Limited Partnership	0	0.00	-817,232	-100.00	0.00	-56.76	Hedge Fund	43,431.20	High	Boston	United States	30-Jun-2017	13F
1021	Ascend Capital, LLC	0	0.00	-109,651	-100.00	0.00	-8.49	Hedge Fund	2,374.66	High	Orinda	United States	30-Sep-2016	13F
1022	Aspiriant, LLC	0	0.00	-8,816	-100.00	0.00	-0.58	Yield	1,522.89	High	San Francisco	United States	31-Aug-2017	Aggregate MFs
1023	Assenagon Asset Management S.A.	0	0.00	-12,166	-100.00	0.00	-0.88	Index	14,755.86	High	Munich	Germany	31-Mar-2017	13F
1024	Asset Advisors Corporation	0	0.00	-1,000	-100.00	0.00	-0.06	Growth	593.82	Low	Augusta	United States	30-Sep-2017	13F
1025	Asset Management One International Ltd	0	0.00	-5,580	-100.00	0.00	-0.43	GARP	1,095.84	Low	London	England	30-Sep-2016	13F
1026	Atalanta Sosnoff Capital, LLC	0	0.00	-8,700	-100.00	0.00	-0.67	Aggres. Gr.	2,999.17	Low	New York	United States	30-Sep-2016	13F
1027	Athymis Gestion	0	0.00	-1,589	-100.00	0.00	-0.12		32.16	Low	Paris	France	31-Dec-2016	Aggregate MFs
1028	Atlas Brown Investment Advisors, Inc.	0	0.00	-4,041	-100.00	0.00	-0.28	Income Value	549.73	Moderate	Louisville	United States	30-Jun-2017	13F
1029	Atwood & Palmer Inc.	0	0.00	-950	-100.00	0.00	-0.06	Core Growth	696.08	Low	Kansas City	United States	31-Dec-2017	13F
1030	AustralianSuper	0	0.00	-337,600	-100.00	0.00	-21.06	Growth	6,167.67	Moderate	Melbourne	Australia	30-Sep-2017	13F
1031	Avalon Advisors, LLC	0	0.00	-108,112	-100.00	0.00	-6.74	Income Value	3,257.88	Low	Houston	United States	30-Sep-2017	13F
1032	Aviance Capital Management LLC	0	0.00	-3,155	-100.00	0.00	-0.24	GARP	1,398.65	Moderate	Sarasota	United States	30-Sep-2016	13F
1033	Aviance Capital Partners, LLC	0	0.00	-2,800	-100.00	0.00	-0.19	Deep Value	303.10	Low	Naples	United States	30-Jun-2017	13F
1034	Aviva Investors France S.A.	0	0.00	-12,000	-100.00	0.00	-0.93	Core Growth	5,765.07	Low	Paris	France	30-Sep-2016	13F
1035	Azimuth Capital Management LLC	0	0.00	-2,900	-100.00	0.00	-0.18	Core Growth	1,385.07	Low	Bloomfield Hills	United States	30-Sep-2017	13F
1036	BKD Wealth Advisors, LLC	0	0.00	-4,081	-100.00	0.00	-0.28	Core Value	999.84	Low	Springfield	United States	31-Dec-2017	13F
1037	BNP Paribas Asset Management USA, Inc.	0	0.00	-17,773	-100.00	0.00	-1.23	GARP	6,135.13	Moderate	Boston	United States	30-Jun-2017	13F
1038	Bahl & Gaynor Investment Counsel, Inc.	0	0.00	-5,243	-100.00	0.00	-0.33	Core Growth	9,733.99	Low	Cincinnati	United States	30-Sep-2017	13F
1039	Bank J. Safra Sarasin AG (Asset Management)	0	0.00	-6,000	-100.00	0.00	-0.42	Core Growth	2,672.96	Low		Switzerland	30-Jun-2017	Aggregate MFs
1040	Banque Degroof Petercam N.V.	0	0.00	-109,000	-100.00	0.00	-7.91	Core Growth	5,691.59	Low	Brussels	Belgium	31-Mar-2017	Aggregate MFs
1041	Banque Pictet & Cie S.A.	0	0.00	-42,100	-100.00	0.00	-2.86		5,168.54	Low	Geneva	Switzerland	31-Dec-2017	13F
1042	Baystate Wealth Management LLC	0	0.00	-10	-100.00	0.00	0.00		637.40	Low	Boston	United States	30-Sep-2017	13F
1043	Bellwether Investment Group, LLC	0	0.00	-100	-100.00	0.00	-0.01		24.96	Moderate	Chattanooga	United States	30-Sep-2017	13F
1044	BlueCrest Capital Management LLP	0	0.00	-63,407	-100.00	0.00	-3.95	Hedge Fund	2,216.34	High	St. Peter Port	Guernsey	30-Sep-2017	13F
1045	BlueMountain Capital Management, LLC	0	0.00	-4,718	-100.00	0.00	-0.32	Hedge Fund	3,260.44	High	New York	United States	31-Dec-2017	13F
1046	Bluefin Trading, LLC	0	0.00	-57,015	-100.00	0.00	-3.96		1,360.42	High	New York	United States	30-Jun-2017	13F
1047	Bontempo Ohly Capital Management, LLC	0	0.00	-23,899	-100.00	0.00	-1.74		130.58	Low	Bethesda	United States	31-Mar-2017	13F
1048	Boothbay Fund Management, LLC	0	0.00	-3,100	-100.00	0.00	-0.19		579.69	High	New York	United States	30-Sep-2017	13F
1049	Bowen, Hanes & Company, Inc.	0	0.00	-2,800	-100.00	0.00	-0.20	Core Growth	2,240.39	Low	Atlanta	United States	31-Mar-2017	13F
1050	Brick & Kyle, Associates	0	0.00	-1,064	-100.00	0.00	-0.07		123.02	Low	Newtown	United States	30-Jun-2017	13F
1051	Brinker Capital Inc.	0	0.00	-7,550	-100.00	0.00	-0.58	Core Value	3,120.80	Low	Berwyn	United States	30-Sep-2016	13F
1052	Bruderman Asset Management, LLC	0	0.00	-112	-100.00	0.00	-0.01		390.14	Low	New York	United States	30-Sep-2017	13F
1053	CBR Investment AG	0	0.00	-8,000	-100.00	0.00	-0.59	Growth	28.78		Balzers	Liechtenstein	31-Dec-2016	Aggregate MFs
1054	CI Investments Inc.	0	0.00	-16,500	-100.00	0.00	-1.22	Core Value	36,725.64	Moderate	Toronto	Canada	31-Dec-2016	Aggregate MFs
1055	CIBC Bank USA.	0	0.00	-3,500	-100.00	0.00	-0.23	GARP	646.80	Low	Chicago	United States	31-Mar-2018	13F
1056	Calton & Associates, Inc.	0	0.00	-1,696	-100.00	0.00	-0.11		348.35	Moderate	Tampa	United States	31-Mar-2018	13F
1057	Cambria Investment Management, L.P.	0	0.00	-8,216	-100.00	0.00	-0.56		1,014.88	Moderate	El Segundo	United States	31-Dec-2017	13F
1058	Campbell Newman Asset Management, Inc.	0	0.00	-101,226	-100.00	0.00	-7.03	Growth	593.25	Low	Glendale	United States	30-Jun-2017	13F
1059	Canada Life Investments	0	0.00	-84,326	-100.00	0.00	-5.86	Core Growth	3,156.15	Low	London	England	30-Jun-2017	Aggregate MFs
1060	Capital Analysts, LLC	0	0.00	-63	-100.00	0.00	0.00		791.04	Low	Washington	United States	31-Dec-2017	13F
1061	Capital Fund Management S.A.	0	0.00	-115,325	-100.00	0.00	-8.01	Hedge Fund	6,797.13	High	Paris	France	30-Jun-2017	13F
1062	Capital Guardian Trust Company	0	0.00	-500	-100.00	0.00	-0.03	GARP	14,093.40	Moderate	Los Angeles	United States	30-Jun-2017	13F
1063	Capital Innovations LLC	0	0.00	-900	-100.00	0.00	-0.07		52.11	Moderate	Pewaukee	United States	31-Dec-2016	Aggregate MFs
1064	Capital Wealth Planning, LLC	0	0.00	-3,700	-100.00	0.00	-0.25		29.09	High	Naples	United States	31-Dec-2017	13F
1065	Capstone Investment Advisors, LLC	0	0.00	-24,688	-100.00	0.00	-1.68	Core Growth	1,288.42	High	New York	United States	31-Dec-2017	13F
1066	Catawba Capital Management, Inc.	0	0.00	-2,835	-100.00	0.00	-0.20	Core Value	416.80	Low	Roanoke	United States	30-Jun-2017	13F
1067	Caxton Associates LP	0	0.00	-9,400	-100.00	0.00	-0.64	Hedge Fund	1,275.99	High	New York	United States	31-Dec-2017	13F
1068	Charles D. Hyman & Company	0	0.00	-3,100	-100.00	0.00	-0.19	Core Value	870.96	Low	Ponte Vedra Beach	United States	30-Sep-2017	13F
1069	Chatham Wealth Management	0	0.00	-3,241	-100.00	0.00	-0.20		207.34	Low	Chatham	United States	30-Sep-2017	13F
1070	Checchi Capital Advisers, LLC	0	0.00	-1,873	-100.00	0.00	-0.15		421.14	Low	Beverly Hills	United States	30-Sep-2016	13F
1071	Chicago Equity Partners, LLC	0	0.00	-6,540	-100.00	0.00	-0.44	Core Value	3,292.85	Moderate	Chicago	United States	31-Dec-2017	13F
1072	Cipher Capital LP	0	0.00	-126,574	-100.00	0.00	-9.33		1,253.97	High	New York	United States	31-Dec-2016	13F
1073	Clarkston Capital Partners, LLC	0	0.00	-2,618	-100.00	0.00	-0.19	Core Value	2,579.92	Low	Bloomfield Hills	United States	31-Dec-2016	13F
1074	Clean Yield Asset Management	0	0.00	-100	-100.00	0.00	-0.01	GARP	250.95	Low	Norwich	United States	30-Jun-2017	13F
1075	Clinton Group, Inc.	0	0.00	-36,591	-100.00	0.00	-2.49	Hedge Fund	1,111.90	High	New York	United States	31-Dec-2017	13F
1076	Cohen Capital Management, Inc.	0	0.00	-28	-100.00	0.00	0.00	Core Value	415.35	Low	Corte Madera	United States	30-Jun-2017	13F
1077	Columbus Circle Investors	0	0.00	-718,503	-100.00	0.00	-52.17	Growth	5,736.62	Moderate	Stamford	United States	31-Mar-2017	13F
1078	Concert Wealth Management Inc.	0	0.00	-3,314	-100.00	0.00	-0.24	Aggres. Gr.	23.24	High	San Jose	United States	31-Mar-2017	13F
1079	Cookson, Peirce & Co., Inc.	0	0.00	-5,830	-100.00	0.00	-0.43	Core Value	1,076.42	Moderate	Pittsburgh	United States	31-Dec-2016	13F
1080	Counterpoint Asset Management	0	0.00	-51	-100.00	0.00	0.00		59.52	Low	Cape Town	South Africa	30-Sep-2017	Aggregate MFs
1081	Crawford Investment Counsel, Inc.	0	0.00	-7,030	-100.00	0.00	-0.54	Income Value	3,220.86	Low	Atlanta	United States	30-Sep-2016	13F
1082	Credit Suisse Hedging-Griffo Asset Management S.A.	0	0.00	-4,050	-100.00	0.00	-0.29	Hedge Fund	2,671.26	Low	São Paulo	Brazil	31-Mar-2017	Aggregate MFs
1083	Crestwood Advisors Group LLC	0	0.00	-100	-100.00	0.00	-0.01	Core Growth	1,244.72	Low	Boston	United States	30-Jun-2017	13F
1084	Cubist Systematic Strategies, LLC	0	0.00	-15,397	-100.00	0.00	-1.05		1,874.20	High	Stamford	United States	31-Dec-2017	13F
1085	DJE Kapital AG	0	0.00	-10,800	-100.00	0.00	-0.67	GARP	6,251.37	Moderate	Pullach	Germany	30-Sep-2017	Aggregate MFs
1086	DSM Pension Services B.V.	0	0.00	-49,000	-100.00	0.00	-3.19	Core Value	675.19	Moderate	Heerlen	Netherlands	31-Mar-2018	13F
1087	Davidson Investment Advisors, Inc.	0	0.00	-1,138	-100.00	0.00	-0.08	Core Growth	966.47	Low	Great Falls	United States	31-Mar-2017	13F
1088	Deere & Company	0	0.00	-15,339	-100.00	0.00	-1.07	Core Growth	177.90	High	Moline	United States	30-Jun-2017	13F
1089	Degroof Petercam Asset Services SA	0	0.00	-793	-100.00	0.00	-0.06		459.38	Low	Luxembourg	Luxembourg	30-Jun-2017	Aggregate MFs
1090	Denning Pryce Pty Ltd.	0	0.00	-1,490	-100.00	0.00	-0.10	Hedge Fund	172.84	Low	Sydney	Australia	28-Feb-2018	Aggregate MFs
1091	Deutsche Bank (Suisse) SA	0	0.00	-7,494	-100.00	0.00	-0.55	GARP	1,205.90	Low	Geneva	Switzerland	31-Dec-2016	Aggregate MFs
1092	Deutsche Bank AG (Germany)	0	0.00	-1,316	-100.00	0.00	-0.10	GARP	1,514.50	Low	Frankfurt	Germany	31-Dec-2016	Aggregate MFs
1093	Discovery Capital Management, LLC	0	0.00	-2,097,535	-100.00	0.00	-152.30	Hedge Fund	2,771.43	High	South Norwalk	United States	31-Mar-2017	13F
1094	Dynamic Capital Management LLC	0	0.00	-105,586	-100.00	0.00	-7.18	Hedge Fund	290.79	High	New York	United States	31-Dec-2017	13F
1095	Dynamic Technology Lab Pte. Ltd.	0	0.00	-5,051	-100.00	0.00	-0.32		563.26	High	Singapore	Singapore	30-Sep-2017	13F
1096	ELM Advisors, LLC	0	0.00	-2,824	-100.00	0.00	-0.21		129.38	Low	Burlingame	United States	31-Mar-2017	13F
1097	ENISO Partners AG	0	0.00	-1,600	-100.00	0.00	-0.11		104.75	High	Zurich	Switzerland	31-Dec-2017	Aggregate MFs
1098	Eastspring Investments (Singapore) Limited	0	0.00	-7,400	-100.00	0.00	-0.50	Core Value	32,558.36	Low	Singapore	Singapore	31-Dec-2017	13F
1099	Edge Asset Management, Inc.	0	0.00	-112	-100.00	0.00	-0.01	GARP	28,070.91	Low	Seattle	United States	31-Dec-2016	Aggregate MFs
1100	Elkhorn Investments, LLC	0	0.00	-18,036	-100.00	0.00	-1.23		291.50	Moderate	Chicago	United States	31-Dec-2017	13F
1101	Ellington Management Group, L.L.C.	0	0.00	-4,000	-100.00	0.00	-0.29	Hedge Fund	358.21	High	Old Greenwich	United States	31-Dec-2016	13F
1102	Epoch Investment Partners, Inc.	0	0.00	-4,800	-100.00	0.00	-0.35	Growth	39,211.30	Low	New York	United States	31-Dec-2016	Aggregate MFs
1103	Equitycompass Strategies	0	0.00	-35,275	-100.00	0.00	-2.73		109.45	High	Baltimore	United States	30-Sep-2016	13F
1104	Essex Financial Services, Inc.	0	0.00	-3,075	-100.00	0.00	-0.21	Income Value	420.29	Low	Essex	United States	30-Jun-2017	13F

1105	Euclid Advisors LLC	0	0.00	-30,556	-100.00	0.00	-2.37	GARP	58.66	Moderate	New York	United States	30-Sep-2016	13F
1106	Evli Fund Management Company Ltd.	0	0.00	-4,640	-100.00	0.00	-0.32	Aggres. Gr.	3,269.19	Moderate	Helsinki	Finland	31-Dec-2017	Aggregate MFs
1107	Exencial Wealth Advisors	0	0.00	-3,581	-100.00	0.00	-0.22		332.02	Low	Oklahoma City	United States	30-Sep-2017	13F
1108	FCG Advisors, LLC	0	0.00	-3,820	-100.00	0.00	-0.30	Aggres. Gr.	277.41	Low	Chatham	United States	30-Sep-2016	13F
1109	FDO Partners, LLC	0	0.00	-3,506	-100.00	0.00	-0.24		116.92	High	Cambridge	United States	31-Dec-2017	13F
1110	FNY Partners Fund LP	0	0.00	-1,000	-100.00	0.00	-0.07		182.49	High	New York	United States	30-Jun-2017	13F
1111	Federated Global Investment Management Corp.	0	0.00	-5,000	-100.00	0.00	-0.39	Core Value	11,591.15	Low	New York	United States	30-Sep-2016	13F
1112	Ferguson Wellman Capital Management, Inc.	0	0.00	-2,800	-100.00	0.00	-0.19	GARP	2,818.05	Low	Portland	United States	30-Jun-2017	13F
1113	Fideuram Investimenti SGR S.p.A.	0	0.00	-40,629	-100.00	0.00	-2.69	Core Value	6,423.49	Moderate	Milan	Italy	28-Feb-2018	Aggregate MFs
1114	Fiera Capital Inc.	0	0.00	-700	-100.00	0.00	-0.05	Core Growth	704.18	Moderate	New York	United States	31-Aug-2017	Aggregate MFs
1115	Financial Architects Inc.	0	0.00	-129	-100.00	0.00	-0.01	GARP	577.03	Low	Marlton	United States	31-Dec-2017	13F
1116	FineMark National Bank & Trust	0	0.00	-3,331	-100.00	0.00	-0.21	Yield	1,574.50	Low	Fort Myers	United States	30-Sep-2017	13F
1117	First Citizens Bank & Trust Company	0	0.00	-4,997	-100.00	0.00	-0.35	Core Growth	732.57	Moderate	Raleigh	United States	30-Jun-2017	13F
1118	First Financial Corp	0	0.00	-145	-100.00	0.00	-0.01	Yield	139.27	Low	Terre Haute	United States	30-Sep-2016	13F
1119	Fortaleza Asset Management, Inc.	0	0.00	-65	-100.00	0.00	0.00	Growth	15.92	High	Chicago	United States	31-Mar-2017	13F
1120	Fred Alger Management, Inc.	0	0.00	-63	-100.00	0.00	0.00	Aggres. Gr.	22,445.83	Low	New York	United States	31-Dec-2017	13F
1121	Freiburger Vermögensmanagement GmbH	0	0.00	-1,800	-100.00	0.00	-0.12	Deep Value	112.04	Low	Freiburg	Germany	31-Jan-2018	Aggregate MFs
1122	FundLogic SAS	0	0.00	-12,300	-100.00	0.00	-0.85		1,958.14	High	Paris	France	30-Jun-2017	Aggregate MFs
1123	Första AP-Fonden	0	0.00	-41,805	-100.00	0.00	-2.84	GARP	12,824.30	Low	Stockholm	Sweden	31-Dec-2017	13F
1124	GLG LLC	0	0.00	-32,551	-100.00	0.00	-2.21	Hedge Fund	1,294.87	Moderate	New York	United States	31-Dec-2017	13F
1125	GSA Capital Partners LLP	0	0.00	-26,120	-100.00	0.00	-1.78	Hedge Fund	1,642.16	High	London	England	31-Dec-2017	13F
1126	GWM Advisors LLC	0	0.00	-2,928	-100.00	0.00	-0.18	Growth	725.43	Moderate	Baton Rouge	United States	30-Sep-2017	13F
1127	Genovese Burford & Brothers Wealth And Retirement Plan Mgmt,	0	0.00	-245	-100.00	0.00	-0.02		36.80	High	Sacramento	United States	31-Mar-2017	13F
1128	Gideon Capital Advisors, Inc.	0	0.00	-7,055	-100.00	0.00	-0.48	Hedge Fund	112.88	High	New York	United States	31-Dec-2017	13F
1129	Girard Partners Ltd.	0	0.00	-4,550	-100.00	0.00	-0.28		427.63	Low	King of Prussia	United States	30-Sep-2017	13F
1130	Gradient Investments LLC	0	0.00	-7	-100.00	0.00	0.00	Core Growth	1,847.09	Moderate	Arden Hills	United States	30-Sep-2017	13F
1131	Granite Investment Partners, LLC	0	0.00	-4,200	-100.00	0.00	-0.29	Income Value	1,584.35	Low	El Segundo	United States	31-Dec-2017	13F
1132	Green Square Capital, L.L.C.	0	0.00	-2,470	-100.00	0.00	-0.19	Core Growth	663.27	Moderate	Memphis	United States	30-Sep-2016	13F
1133	Group One Trading, L.P.	0	0.00	-409	-100.00	0.00	-0.03	Core Growth	1,962.29	High	Chicago	United States	30-Sep-2016	13F
1134	Grove Bank & Trust	0	0.00	-215	-100.00	0.00	-0.01		229.10	Moderate	Miami	United States	30-Sep-2017	13F
1135	HAMEL ASSOCIATES, INC	0	0.00	-10,975	-100.00	0.00	-0.80		211.00	Low	Chatham	United States	31-Mar-2017	13F
1136	HAP Trading, LLC	0	0.00	-22,155	-100.00	0.00	-1.54	Broker-Dealer	1,886.73	High	New York	United States	30-Jun-2017	13F
1137	HBK Investments, L.P.	0	0.00	-108,509	-100.00	0.00	-7.54	Hedge Fund	7,761.26	High	Dallas	United States	30-Jun-2017	13F
1138	HSBC Global Asset Management (France) S.A.	0	0.00	-8,001	-100.00	0.00	-0.50	Core Growth	9,073.60	Low	Puteaux	France	30-Sep-2017	13F
1139	HSBC Global Asset Management (Hong Kong) Limited	0	0.00	-9,300	-100.00	0.00	-0.58	Core Value	16,670.29	Low	Central (Hong Kong)	Hong Kong SAR	30-Sep-2017	13F
1140	Hancock Horizon Investments	0	0.00	-2,582	-100.00	0.00	-0.19	Core Value	2,531.76	Low	Gulfport	United States	31-Dec-2016	13F
1141	Hanseatic Management Services, Inc.	0	0.00	-299	-100.00	0.00	-0.02	Growth	98.42	High	Albuquerque	United States	31-Dec-2016	13F
1142	Hanson McClain Advisors, Inc.	0	0.00	-25	-100.00	0.00	0.00	Growth	1,282.18	Low	Sacramento	United States	30-Sep-2016	13F
1143	Harbour Capital Advisors, LLC	0	0.00	-712	-100.00	0.00	-0.05		233.70	Low	McLean	United States	30-Jun-2017	13F
1144	Harel Insurance Investments and Financial Services Ltd	0	0.00	-100	-100.00	0.00	-0.01		2,560.08	Low	Ramat-Gan	Israel	30-Sep-2016	13F
1145	Harvest Portfolios Group Inc	0	0.00	-6,300	-100.00	0.00	-0.44		330.28	Low	Oakville	Canada	30-Jun-2017	Aggregate MFs
1146	Harvey Investment Company, LLC	0	0.00	-3,400	-100.00	0.00	-0.21	Core Value	544.39	Low	Louisville	United States	30-Sep-2017	13F
1147	Hauck & Aufhäuser (Schweiz) AG	0	0.00	-3,500	-100.00	0.00	-0.26	GARP	76.35	Low	Zurich	Switzerland	31-Oct-2016	Aggregate MFs
1148	Hermes Investment Management Ltd.	0	0.00	-4,473	-100.00	0.00	-0.33	GARP	13,811.00	Low	London	England	31-Dec-2016	13F
1149	HighVista Strategies LLC	0	0.00	-12,500	-100.00	0.00	-0.78	Core Value	354.78	High	Boston	United States	30-Sep-2017	13F
1150	Highbridge Capital Management, LLC	0	0.00	-12,792	-100.00	0.00	-0.87	Arbitrage	3,057.37	High	New York	United States	31-Dec-2017	13F
1151	Highland Capital Management, L.P.	0	0.00	-141,701	-100.00	0.00	-10.44	GARP	1,959.03	Moderate	Dallas	United States	31-Dec-2016	13F
1152	Holderness Investments Company	0	0.00	-2,925	-100.00	0.00	-0.18	Core Value	203.58	Low	Greensboro	United States	30-Sep-2017	13F
1153	Honeywell Capital Management LLC	0	0.00	-100,000	-100.00	0.00	-6.95	Income Value	3,006.34	Moderate	Morris Plains	United States	30-Jun-2017	13F
1154	Howe and Rusling, Inc.	0	0.00	-215	-100.00	0.00	-0.01	GARP	551.10	Low	Rochester	United States	31-Dec-2017	13F
1155	Hudson Bay Capital Management LP	0	0.00	-26,459	-100.00	0.00	-1.84	Hedge Fund	2,376.94	High	New York	United States	30-Jun-2017	13F
1156	Hussman Strategic Advisors, Inc.	0	0.00	-150,000	-100.00	0.00	-11.62	Growth	401.99	Moderate	Ellicott City	United States	30-Sep-2016	13F
1157	I.G. Investment Management, Ltd.	0	0.00	-68,000	-100.00	0.00	-4.62	GARP	493.07	High	Winnipeg	Canada	31-Dec-2017	13F
1158	IFAM Capital	0	0.00	-9,782	-100.00	0.00	-0.66		515.65	Low	Greenwood	United States	31-Dec-2017	13F
1159	IFC Holdings Incorporated/FL	0	0.00	-2,899	-100.00	0.00	-0.21	Core Growth	0.00		Tampa	United States	31-Mar-2017	13F
1160	ING Bank N.V.	0	0.00	-35,869	-100.00	0.00	-2.49	Core Growth	7,806.51	Moderate		Netherlands	30-Jun-2017	13F
1161	INVESCO Taiwan Ltd.	0	0.00	-220,205	-100.00	0.00	-16.23	Aggres. Gr.	163.07	Low	Taipei	Taiwan, R.O.C.	31-Dec-2016	13F
1162	IONIC Capital Management, L.L.C.	0	0.00	-3,400	-100.00	0.00	-0.25	Income Value	508.87	High	New York	United States	31-Dec-2016	13F
1163	Industrial Alliance Investment Management Inc.	0	0.00	-42,800	-100.00	0.00	-2.91	Core Value	5,583.29	Low	Quebec City	Canada	31-Dec-2017	Aggregate MFs
1164	Insiderfonder AB	0	0.00	-14,910	-100.00	0.00	-0.93		82.47	Moderate	Gothenburg	Sweden	30-Sep-2017	Aggregate MFs
1165	Intact Investment Management Inc.	0	0.00	-4,900	-100.00	0.00	-0.34	Income Value	2,413.75	Low	Toronto	Canada	30-Jun-2017	13F
1166	Integra Capital Management Corp.	0	0.00	-30,480	-100.00	0.00	-2.07		394.50	Low	Oakville	Canada	31-Dec-2017	Aggregate MFs
1167	Integral Derivatives LLC	0	0.00	-6,213	-100.00	0.00	-0.39	Broker-Dealer	121.90	High	New York	United States	30-Sep-2017	13F
1168	Integrated Investment Consultants, LLC	0	0.00	-11	-100.00	0.00	0.00		252.72	Low	Birmingham	United States	31-Mar-2018	13F
1169	InterOcean Capital, LLC	0	0.00	-3,386	-100.00	0.00	-0.23	Yield	744.62	Low	Chicago	United States	31-Dec-2017	13F
1170	Investment Centers of America, Inc.	0	0.00	-3,024	-100.00	0.00	-0.21	Core Growth	0.00		Appleton	United States	30-Jun-2017	13F
1171	Invictus RG Pte. Ltd.	0	0.00	-6,312	-100.00	0.00	-0.44	Core Growth	94.38	High	Singapore	Singapore	30-Jun-2017	13F
1172	Island Global Management	0	0.00	-6,000	-100.00	0.00	-0.44		18.29	Moderate	New York	United States	31-Dec-2016	Aggregate MFs
1173	JD Capital Management LLC	0	0.00	-74,402	-100.00	0.00	-5.17	Hedge Fund	7.36		Greenwich	United States	30-Jun-2017	13F
1174	JP Morgan Alternative Asset Management, Inc.	0	0.00	-900	-100.00	0.00	-0.07	Hedge Fund	79.18	High	New York	United States	31-Dec-2016	Aggregate MFs
1175	James Investment Research Inc.	0	0.00	-27,700	-100.00	0.00	-1.80	Core Value	2,714.87	Moderate	Xenia	United States	31-Mar-2018	13F
1176	Jericho Capital Asset Management L.P.	0	0.00	-811,448	-100.00	0.00	-59.81	Hedge Fund	1,915.31	High	New York	United States	31-Dec-2016	13F
1177	Joel Isaacson & Co., LLC	0	0.00	-2,533	-100.00	0.00	-0.18		576.28	Low	New York	United States	31-Mar-2017	13F
1178	KDI Capital Partners, LLC	0	0.00	-25,400	-100.00	0.00	-1.73	Hedge Fund	252.28	Moderate	Raleigh	United States	31-Dec-2017	13F
1179	Kames Capital	0	0.00	-15,975	-100.00	0.00	-1.16	Core Growth	24,597.63	Moderate	Edinburgh	Scotland	31-Mar-2017	13F
1180	Kathrein Privatbank Aktiengesellschaft	0	0.00	-20,352	-100.00	0.00	-1.38	Core Growth	201.78	High	Vienna	Austria	31-Dec-2017	Aggregate MFs
1181	Kelman-Lazarov, Inc	0	0.00	-85	-100.00	0.00	-0.01		195.85	Low	Memphis	United States	31-Mar-2017	13F
1182	Kernodle & Katon Asset Management Group, LLC	0	0.00	-1,192	-100.00	0.00	-0.09		163.11		Searcy	United States	31-Mar-2017	13F
1183	Kredietrust Luxembourg S.A.	0	0.00	-9,936	-100.00	0.00	-0.73	Core Growth	658.08	Moderate	Luxembourg	Luxembourg	31-Dec-2016	Aggregate MFs
1184	LLBH Private Wealth Management, LLC	0	0.00	-2,797	-100.00	0.00	-0.20		313.03	Low	Westport	United States	31-Mar-2017	13F
1185	LMR Partners LLP	0	0.00	-3,984	-100.00	0.00	-0.25	Hedge Fund	972.50	High	London	England	30-Sep-2017	13F
1186	Lakefield Partners AG	0	0.00	-452	-100.00	0.00	-0.03		18.71	Moderate	Zurich	Switzerland	30-Jun-2017	Aggregate MFs
1187	Lange Assets & Consulting GmbH	0	0.00	-1,300	-100.00	0.00	-0.10	Core Value	44.86	High	Hamburg	Germany	30-Sep-2016	Aggregate MFs
1188	Laurion Capital Management LP	0	0.00	-3,407	-100.00	0.00	-0.24	Hedge Fund	5,888.75	High	New York	United States	30-Jun-2017	13F
1189	Lazard Asset Management Limited	0	0.00	-7,765	-100.00	0.00	-0.53	Core Value	15,145.10	Low	London	England	31-Dec-2017	Aggregate MFs
1190	Lemanik Asset Management S.A.	0	0.00	-8,500	-100.00	0.00	-0.63	Core Growth	258.90	Low	Capellen	Luxembourg	31-Dec-2016	Aggregate MFs
1191	Lenox Wealth Management, Inc.	0	0.00	-1,100	-100.00	0.00	-0.07	Growth	320.49	Moderate	Cincinnati	United States	31-Dec-2017	13F
1192	Lido Advisors, LLC	0	0.00	-4,460	-100.00	0.00	-0.28	Hedge Fund	502.94	Moderate	Los Angeles	United States	30-Sep-2017	13F
1193	Lincoln Investment Advisors Corporation	0	0.00	-45,401	-100.00	0.00	-2.83		29,986.19	Low	Concord	United States	30-Sep-2017	Aggregate MFs
1194	Loeb Partners Corporation	0	0.00	-5,000	-100.00	0.00	-0.34		340.19	Moderate	New York	United States	31-Dec-2017	13F
1195	M & G Investment Management Ltd.	0	0.00	-6,475	-100.00	0.00	-0.50	Deep Value	87,288.12	Low	London	England	30-Sep-2016	13F
1196	MCF Advisors LLC	0	0.00	-26	-100.00	0.00	0.00		539.04	Low	Covington	United States	31-Dec-2017	13F
1197	Magnetar Capital Partners LP	0	0.00	-58,550	-100.00	0.00	-3.98	Hedge Fund	3,240.49	High	Evanston	United States	31-Dec-2017	13F
1198	Main Street Research LLC	0	0.00	-2,860	-100.00	0.00	-0.20	Deep Value	643.56	Low	Sausalito	United States	30-Jun-2017	13F
1199	Mariner Wealth Advisors, LLC	0	0.00	-4,354	-100.00	0.00	-0.32	GARP	1,866.36	Low	Overland Park	United States	31-Dec-2016	13F
1200	Mariner Wealth Advisors-NYC, LLC	0	0.00	-44	-100.00	0.00	0.00		246.72	Low		United States	31-Dec-2016	13F
1201	Mark Sheptoff Financial Planning, LLC	0	0.00	-1,570	-100.00	0.00	-0.12	GARP	153.76	Low	Glastonbury	United States	31-Dec-2016	13F
1202	Marriott Asset Management (Pty) Ltd.	0	0.00	-64,150	-100.00	0.00	-4.46	Income Value	563.14	Low	Durban	South Africa	30-Jun-2017	Aggregate MFs
1203	Marshall & Melhorn LLC	0	0.00	-30,000	-100.00	0.00	-2.04		253.21	Low	Toledo	United States	31-Dec-2017	13F
1204	Massey Quick Simon & Co., LLC	0	0.00	-103	-100.00	0.00	-0.01		213.68	Moderate	Morristown	United States	30-Jun-2017	13F
1205	McClain Value Management, LLC	0	0.00	-19,291	-100.00	0.00	-1.49	Core Value	75.69	Moderate	New Canaan	United States	30-Sep-2016	13F
1206	Meeder Asset Management, Inc	0	0.00	-3,452	-100.00	0.00	-0.25	Deep Value	1,709.01	Moderate	Dublin	United States	31-Dec-2016	13F
1207	Meiji Yasuda Life Insurance Company	0	0.00	-19,050	-100.00	0.00	-1.19	Core Growth	27,694.38	Low	Chiyoda-ku (Tokyo)	Japan	30-Sep-2017	13F
1208	Mercer Capital Advisers, Inc.	0	0.00	-566	-100.00	0.00	-0.04		138.19	Low	Little Silver	United States	31-Mar-2017	13F
1209	Merit Capital NV	0	0.00	-5,297	-100.00	0.00	-0.35		286.14	Moderate	Antwerp	Belgium	31-Aug-2017	Aggregate MFs
1210	Meru Capital Group, LP	0	0.00	-26,128	-100.00	0.00	-1.93	Hedge Fund	0.00		New York	United States	31-Dec-2016	13F
1211	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0	0.00	-260	-100.00	0.00	-0.02	Broker-Dealer	7,681.33	High	Chiyoda-ku (Tokyo)	Japan	30-Sep-2017	13F
1212	Mizuho Trust & Banking Co., Ltd.	0	0.00	-459,295	-100.00	0.00	-33.85	Core Growth	7,908.71	Low	Chuo-ku (Tokyo)	Japan	31-Dec-2016	13F
1213	Monyx Asset Management	0	0.00	-3,250	-100.00	0.00	-0.24		1,378.51	High	Stockholm	Sweden	31-Dec-2016	Aggregate MFs
1214	Moore Capital Management, LP	0	0.00	-2,801	-100.00	0.00	-0.21	Hedge Fund	4,134.74	High	New York	United States	31-Dec-2016	13F
1215	Morgan Stanley & Co. International Plc	0	0.00	-14,841	-100.00	0.00	-1.01	Broker-Dealer	10,628.76	High	London	England	31-Dec-2017	13F
1216	Mount Lucas Management LP	0	0.00	-32,345	-100.00	0.00	-2.35	Global Hedge	578.64	Moderate	Newtown	United States	31-Mar-2017	13F
1217	Mountain Capital Investment Advisors, Inc	0	0.00	-20	-100.00	0.00	0.00		103.65	Moderate	Denver	United States	31-Dec-2017	13F
1218	NEXT Financial Group, Inc.	0	0.00	-1,253	-100.00	0.00	-0.09		233.86	Moderate	Houston	United States	31-Dec-2017	13F
1219	National Asset Management, Inc.	0	0.00	-3,720	-100.00	0.00	-0.29	Hedge Fund	747.87	Moderate	Seattle	United States	30-Sep-2016	13F
1220	Navellier & Associates Inc.	0	0.00	-54,095	-100.00	0.00	-3.99	Aggres. Gr.	543.61	High	Reno	United States	31-Dec-2016	13F
1221	Naya Management LLP	0	0.00	-712,100	-100.00	0.00	-52.49		759.48	Moderate	London	England	31-Dec-2016	13F
1222	NewSquare Capital LLC	0	0.00	-36	-100.00	0.00	0.00	Yield	436.50	Low	Newtown Square	United States	31-Dec-2017	13F
1223	Newton Investment Management Ltd.	0	0.00	-118,400	-100.00	0.00	-8.22	Core Growth	51,447.06	Low	London	England	30-Jun-2017	Aggregate MFs
1224	Nichols & Pratt, LLP	0	0.00	-2,500	-100.00	0.00	-0.19	Core Growth	1,153.49	Low	Boston	United States	30-Sep-2016	13F
1225	Nicolet National Bank	0	0.00	-3,943	-100.00	0.00	-0.31		232.80	Low	Green Bay	United States	30-Sep-2016	13F
1226	Nomura Asset Management Taiwan Limited	0	0.00	-2,000	-100.00	0.00	-0.12	Growth	1,169.86	Moderate	Taipei	Taiwan, R.O.C.	30-Sep-2017	13F
1227	Norris, Perné & French LLP	0	0.00	-3,975	-100.00	0.00	-0.29	Core Growth	687.38	Low	Grand Rapids	United States	31-Mar-2017	13F
1228	Norway Savings Bank	0	0.00	-40	-100.00	0.00	0.00		105.97	Low	Norway	United States	31-Mar-2017	13F
1229	Notenstein La Roche Privatbank AG	0	0.00	-3,100	-100.00	0.00	-0.26		656.93	Low		Switzerland	31-Jul-2016	Aggregate MFs
1230	Nuance Investments, LLC	0	0.00	-50,983	-100.00	0.00	-3.47	Core Value	1,744.13	High	Kansas City	United States	31-Dec-2017	13F
1231	OakBrook Investments, LLC	0	0.00	-23,300	-100.00	0.00	-1.69	Core Growth	1,611.07	Low	Lisle	United States	31-Mar-2017	13F
1232	Oberbanscheidt & Cie Vermögensverwaltungsgesellschaft mbH	0	0.00	-4,000	-100.00	0.00	-0.27		52.83	Low	Kleve	Germany	31-Dec-2017	Aggregate MFs
1233	Old Second National Bank	0	0.00	-200	-100.00	0.00	-0.01	GARP	252.52	Low	Aurora	United States	31-Dec-2017	13F
1234	Optimized Portfolio Management Stockholm AB	0	0.00	-13,421	-100.00	0.00	-0.91	Hedge Fund	126.21	Low	Stockholm	Sweden	31-Dec-2017	Aggregate MFs
1235	Osiris Asset Management AG	0	0.00	-8,000	-100.00	0.00	-0.53	GARP	63.99	Moderate	Vaduz	Liechtenstein	28-Feb-2018	Aggregate MFs
1236	Ostrum Asset Management	0	0.00	-30,209	-100.00	0.00	-2.10	Core Value	39,041.51	Moderate	Paris	France	30-Jun-2017	Aggregate MFs
1237	OtterWood Capital Management Inc.	0	0.00	-35,100	-100.00	0.00	-2.72	Deep Value	66.18	Low	Toronto	Canada	30-Sep-2016	Aggregate MFs
1238	PRIMECAP Management Company	0	0.00	-70,000	-100.00	0.00	-5.08	GARP	131,806.65	Low	Pasadena	United States	31-Mar-2017	13F
1239	Pacad Investment Ltd.	0	0.00	-16,090	-100.00	0.00	-1.09		439.21	High	Vancouver	Canada	31-Dec-2017	13F
1240	Pacific Global Investment Management Co.	0	0.00	-2,482	-100.00	0.00	-0.19	Core Value	618.07	Low	Glendale	United States	30-Sep-2016	13F
1241	Parametric Clifton	0	0.00	-4,295	-100.00	0.00	-0.29	Specialty	110.25	High	Minneapolis	United States	31-Dec-2017	Aggregate MFs
1242	Parametrica Management Ltd	0	0.00	-3,270	-100.00	0.00	-0.20		158.04	High	Central (Hong	Hong Kong SAR	30-Sep-2017	13F

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1243	Park Avenue Institutional Advisers LLC	0	0.00	-1,593	-100.00	0.00	-0.12		5.41	High	New York	United States	30-Sep-2016	13F
1244	Parkwood LLC	0	0.00	-3,122	-100.00	0.00	-0.22		735.64	High	Cleveland	United States	30-Jun-2017	13F
1245	Pathstone Federal Street	0	0.00	-1,950	-100.00	0.00	-0.12	Yield	130.15	High	Fort Lee	United States	30-Sep-2017	13F
1246	Peak 6 Capital Management, LLC	0	0.00	-155,610	-100.00	0.00	-10.58	Hedge Fund	2,984.35	High	Chicago	United States	31-Dec-2017	13F
1247	Pensionfund Sabic	0	0.00	-25,000	-100.00	0.00	-1.63		350.82	Moderate	Heerlen	Netherlands	31-Mar-2018	13F
1248	People's United Bank	0	0.00	-3,766	-100.00	0.00	-0.28	GARP	1,782.81	Low	Bridgeport	United States	31-Dec-2016	13F
1249	Perkins Capital Management, Inc.	0	0.00	-3,650	-100.00	0.00	-0.27	Growth	104.95	Moderate	Wayzata	United States	31-Dec-2016	13F
1250	Perpetual Ltd.	0	0.00	-2,945	-100.00	0.00	-0.23		766.12	Moderate	Sydney	Australia	30-Sep-2016	13F
1251	Physicians Financial Services, Inc.	0	0.00	-1,082	-100.00	0.00	-0.08		128.56	Low	Raleigh	United States	31-Mar-2017	13F
1252	Pictet Bank & Trust Ltd.	0	0.00	-3,000	-100.00	0.00	-0.19		340.36	Low	Nassau	Bahamas	30-Sep-2017	13F
1253	Picton Mahoney Asset Management	0	0.00	-78,930	-100.00	0.00	-5.82	Growth	2,847.08	Moderate	Toronto	Canada	31-Dec-2016	13F
1254	Piedmont Investment Advisors, LLC	0	0.00	-721	-100.00	0.00	-0.05	GARP	5,114.31	Low	Durham	United States	31-Mar-2017	13F
1255	Pinnacle Associates Ltd.	0	0.00	-3,425	-100.00	0.00	-0.25	Core Growth	5,204.38	Low	New York	United States	31-Dec-2016	13F
1256	Pinnacle Capital Management, LLC	0	0.00	-3,886	-100.00	0.00	-0.26	Aggres. Gr.	19.10	High	Fayetteville	United States	31-Jan-2018	Aggregate MFs
1257	Pinnacle Financial Partners, Inc.	0	0.00	-246	-100.00	0.00	-0.02	Core Growth	948.41	Moderate	Nashville	United States	30-Sep-2017	13F
1258	Plancorp, LLC	0	0.00	-3,708	-100.00	0.00	-0.23	Growth	312.84	Low	St. Louis	United States	30-Sep-2017	13F
1259	Point72 Asia (Hong Kong) Limited	0	0.00	-894	-100.00	0.00	-0.06	Hedge Fund	130.35	High	Central (Hong Kong)	Hong Kong SAR	30-Jun-2017	13F
1260	PointState Capital LP	0	0.00	-1,048,600	-100.00	0.00	-77.29	Hedge Fund	9,761.15	High	New York	United States	31-Dec-2016	13F
1261	Prelude Capital Management, LLC	0	0.00	-1,213	-100.00	0.00	-0.08	Hedge Fund	866.24	High	New York	United States	30-Sep-2017	13F
1262	Prentiss Smith & Company, Inc.	0	0.00	-79	-100.00	0.00	-0.01	Specialty	204.92	Moderate	Brattleboro	United States	31-Mar-2017	13F
1263	Princeton Alpha Management LP	0	0.00	-23,064	-100.00	0.00	-1.60		0.00		Princeton Junction	United States	30-Jun-2017	13F
1264	Psagot Investment House Ltd.	0	0.00	-77	-100.00	0.00	-0.01	Hedge Fund	3,455.99	Low	Tel Aviv	Israel	30-Sep-2016	13F
1265	QUANTRES ASSET MANAGEMENT Ltd	0	0.00	-20,700	-100.00	0.00	-1.41		158.73	High		United Kingdom	31-Dec-2017	13F
1266	Quantitative Investment Management LLC	0	0.00	-38,600	-100.00	0.00	-2.85	Hedge Fund	6,771.59	High	Charlottesville	United States	31-Dec-2016	13F
1267	Quantlab Capital Management, LLC	0	0.00	-2,739	-100.00	0.00	-0.20	Hedge Fund	24.90	High	Houston	United States	31-Dec-2016	13F
1268	RAM Active Investments S.A.	0	0.00	-3,200	-100.00	0.00	-0.22		3,915.46	Moderate	Geneva	Switzerland	31-Dec-2017	Aggregate MFs
1269	RBC Global Asset Management (UK) Limited	0	0.00	-17,600	-100.00	0.00	-1.22	Core Value	19,946.89	Low	London	England	30-Jun-2017	Aggregate MFs
1270	RBC Phillips, Hager & North Investment Counsel Inc.	0	0.00	-95	-100.00	0.00	-0.01	Core Value	2,737.40	Low	Toronto	Canada	30-Jun-2017	13F
1271	RegentAtlantic Capital, L.L.C.	0	0.00	-2,671	-100.00	0.00	-0.21	Core Value	1,183.27	Low	Morristown	United States	30-Sep-2016	13F
1272	Renaissance Technologies LLC	0	0.00	-238,300	-100.00	0.00	-16.20	Hedge Fund	90,457.85	Moderate	New York	United States	31-Dec-2017	13F
1273	Research Affiliates, LLC	0	0.00	-2,907	-100.00	0.00	-0.18	Income Value	36,640.53	Low	Newport Beach	United States	30-Sep-2017	Aggregate MFs
1274	Reynolds Capital Management, LLC	0	0.00	-100	-100.00	0.00	-0.01	Growth	162.62	Moderate	Las Vegas	United States	31-Dec-2017	Aggregate MFs
1275	Riggs Asset Management Company Inc.	0	0.00	-14	-100.00	0.00	0.00		242.74	Moderate	Wilkes Barre	United States	30-Jun-2017	13F
1276	Rothschild Asset Management, Inc.	0	0.00	-8,484	-100.00	0.00	-0.53	Deep Value	11,743.99	Low	New York	United States	30-Sep-2017	13F
1277	Round Table Wealth Management	0	0.00	-2,886	-100.00	0.00	-0.18	Income Value	267.39	Low	Westfield	United States	30-Sep-2017	13F
1278	SG3 Management, LLC	0	0.00	-14,000	-100.00	0.00	-0.95		33.44	High	Dorado	Puerto Rico	31-Dec-2017	13F
1279	SII Investments Inc.	0	0.00	-3,328	-100.00	0.00	-0.23	Broker-Dealer	0.00		Appleton	United States	31-Dec-2017	13F
1280	Samlyn Capital, LLC	0	0.00	-1,183,400	-100.00	0.00	-87.23	Hedge Fund	3,606.18	High	New York	United States	31-Dec-2016	13F
1281	Santori & Peters	0	0.00	-36	-100.00	0.00	0.00		107.94	Low	Monroeville	United States	31-Mar-2018	13F
1282	Schonfeld Strategic Advisors LLC	0	0.00	-13,665	-100.00	0.00	-1.01	Hedge Fund	1,217.22	High	New York	United States	31-Dec-2016	13F
1283	Schroder Investment Management (Hong Kong) Ltd.	0	0.00	-4,644	-100.00	0.00	-0.32	GARP	20,637.22	Low	Admiralty (Hong Kong)	Hong Kong SAR	31-Dec-2017	Aggregate MFs
1284	Schroder Investment Management (Singapore) Ltd.	0	0.00	-472	-100.00	0.00	-0.03	GARP	11,104.60	Low	Singapore	Singapore	31-Dec-2016	Aggregate MFs
1285	Sciencast Management LP	0	0.00	-28,019	-100.00	0.00	-1.90	Hedge Fund	176.18	High	Princeton	United States	31-Dec-2017	13F
1286	Scopus Asset Management, L.P.	0	0.00	-85,000	-100.00	0.00	-5.30	Hedge Fund	7,007.24	High	New York	United States	30-Sep-2017	13F
1287	Senator Investment Group LP	0	0.00	-166,500	-100.00	0.00	-12.27	Hedge Fund	8,634.53	High	New York	United States	31-Dec-2016	13F
1288	Seven Eight Capital, LP	0	0.00	-6,549	-100.00	0.00	-0.48	Hedge Fund	966.29	High	New York	United States	31-Mar-2017	13F
1289	Shamrock Asset Management, L.L.C.	0	0.00	-230	-100.00	0.00	-0.01	Income Value	168.47	Moderate	Dallas	United States	30-Sep-2017	13F
1290	Signal Iduna Asset Management GmbH	0	0.00	-9,212	-100.00	0.00	-0.71	Income Value	703.79	High	Hamburg	Germany	30-Sep-2016	Aggregate MFs
1291	Signaturefd, LLC	0	0.00	-181	-100.00	0.00	-0.01	Yield	790.57	Low	Atlanta	United States	31-Dec-2016	13F
1292	Silvercrest Asset Management Group LLC	0	0.00	-3,335	-100.00	0.00	-0.23	Core Value	10,615.39	Low	New York	United States	31-Dec-2017	13F
1293	Smithfield Trust Company	0	0.00	-70	-100.00	0.00	-0.01	Hedge Fund	818.69	Low	Pittsburgh	United States	31-Mar-2017	13F
1294	Solaris Asset Management, LLC	0	0.00	-166	-100.00	0.00	-0.01	Hedge Fund	15.18	High	New York	United States	31-Dec-2016	13F
1295	Somerset Trust Co.	0	0.00	-16,549	-100.00	0.00	-1.13		193.58	Low	Somerset	United States	31-Dec-2017	13F
1296	Soros Fund Management, L.L.C.	0	0.00	-382,697	-100.00	0.00	-26.02	Hedge Fund	4,072.53	Moderate	New York	United States	31-Dec-2017	13F
1297	South Texas Money Management, Ltd.	0	0.00	-3,412	-100.00	0.00	-0.21	Core Value	2,182.61	Low	San Antonio	United States	30-Sep-2017	13F
1298	Sparrow Capital Management, Inc.	0	0.00	-1,895	-100.00	0.00	-0.14	Core Growth	12.40	High	St. Louis	United States	30-Nov-2016	Aggregate MFs
1299	Spears Abacus Advisors LLC	0	0.00	-8,941	-100.00	0.00	-0.56	Core Growth	837.21	Low	New York	United States	30-Sep-2017	13F
1300	Spectrum Management Group, Inc.	0	0.00	-7,535	-100.00	0.00	-0.56		289.11	Low	Indianapolis	United States	31-Dec-2016	13F
1301	SpiderRock Advisors LLC	0	0.00	-19,061	-100.00	0.00	-1.30	Hedge Fund	0.00		Chicago	United States	31-Dec-2017	13F
1302	St. Bedrijfstakpensioenfonds voor de Media PNO	0	0.00	-15,300	-100.00	0.00	-1.06	Core Value	607.35	Moderate		Netherlands	30-Jun-2017	13F
1303	St. James Investment Company, LLC	0	0.00	-9,136	-100.00	0.00	-0.71	Yield	937.79	Moderate	Dallas	United States	30-Sep-2016	13F
1304	Stadtsparkasse Düsseldorf	0	0.00	-800	-100.00	0.00	-0.06		531.66	Low	Düsseldorf	Germany	31-Dec-2016	Aggregate MFs
1305	Steinberg Global Asset Management, Ltd	0	0.00	-2,500	-100.00	0.00	-0.19	Core Growth	678.23	Low	Boca Raton	United States	30-Sep-2016	13F
1306	Stevens Capital Management LP	0	0.00	-242,764	-100.00	0.00	-16.50	Hedge Fund	2,560.19	High	Radnor	United States	31-Dec-2017	13F
1307	Stewart and Patten Co., L.L.C.	0	0.00	-2,600	-100.00	0.00	-0.19	Income Value	559.56	Low	San Francisco	United States	31-Dec-2016	13F
1308	Stonemark Wealth Management	0	0.00	-300	-100.00	0.00	-0.02		172.75	Low	Pasadena	United States	31-Dec-2016	13F
1309	Strategic Wealth Management Group	0	0.00	-10,719	-100.00	0.00	-0.78	GARP	242.24	Low	New York	United States	31-Mar-2017	13F
1310	Suffolk Capital Management, LLC	0	0.00	-71,693	-100.00	0.00	-5.21	GARP	773.68	High	New York	United States	31-Mar-2017	13F
1311	Swan Asset Management SA	0	0.00	-1,200	-100.00	0.00	-0.08		66.81	High	Lugano	Switzerland	30-Jun-2017	Aggregate MFs
1312	Symphony Asset Management LLC	0	0.00	-3,988	-100.00	0.00	-0.29	Hedge Fund	1,003.95	Moderate	San Francisco	United States	31-Dec-2016	13F
1313	Syntal Capital Partners, LLC	0	0.00	-2,613	-100.00	0.00	-0.20		328.29	Moderate	Midland	United States	30-Sep-2016	13F
1314	TAM AG	0	0.00	-2,077	-100.00	0.00	-0.14		7.55	High	Rellingen	Germany	30-Jun-2017	Aggregate MFs
1315	TCW Asset Management Company LLC	0	0.00	-11,132	-100.00	0.00	-0.76	Core Growth	12,812.75	Low	Los Angeles	United States	31-Dec-2017	13F
1316	TFS Capital LLC	0	0.00	-7,007	-100.00	0.00	-0.51	Hedge Fund	32.02	High	West Chester	United States	31-Mar-2017	13F
1317	Telemetry Investments, L.L.C.	0	0.00	-5,380	-100.00	0.00	-0.37	Hedge Fund	46.66	High	New York	United States	31-Dec-2017	13F
1318	The First National Bank in Sioux Falls	0	0.00	-145	-100.00	0.00	-0.01	Income Value	28.23	Low	Sioux Falls	United States	31-Dec-2016	13F
1319	The London Company	0	0.00	-13,810	-100.00	0.00	-0.94	Core Value	14,351.55	Low	Richmond	United States	31-Dec-2017	13F
1320	The Pacific Center for Financial Services	0	0.00	-125	-100.00	0.00	-0.01		163.10	Low	San Ramon	United States	31-Dec-2017	13F
1321	Thome Asset Management & Asset Control	0	0.00	-382	-100.00	0.00	-0.03		44.84	Moderate	Salisbury	England	31-Dec-2016	Aggregate MFs
1322	Thompson, Davis & Co., Inc. (Asset Management)	0	0.00	-1,200	-100.00	0.00	-0.08	Growth	44.94	High	Richmond	United States	30-Jun-2017	13F
1323	Thornburg Investment Management, Inc.	0	0.00	-5,463	-100.00	0.00	-0.38	Core Value	29,893.49	Low	Santa Fe	United States	30-Jun-2017	13F
1324	Thrax Management, LLC	0	0.00	-591,464	-100.00	0.00	-45.82		252.30		New York	United States	30-Sep-2016	13F
1325	Timber Hill LLC	0	0.00	-36,715	-100.00	0.00	-2.55	Broker-Dealer	1,280.78	High	Greenwich	United States	30-Jun-2017	13F
1326	Toews Corporation	0	0.00	-2,700	-100.00	0.00	-0.19	Specialty	949.64	High	Northfield	United States	30-Jun-2017	Aggregate MFs
1327	Tokio Marine Asset Management Co., Ltd.	0	0.00	-3,509	-100.00	0.00	-0.24	GARP	2,527.69	Low	Chiyoda-ku (Tokyo)	Japan	30-Jun-2017	13F
1328	Trexquant Investment LP	0	0.00	-25,900	-100.00	0.00	-1.76	Hedge Fund	903.36	High	Stamford	United States	31-Dec-2017	13F
1329	Trillium Asset Management, LLC	0	0.00	-7,300	-100.00	0.00	-0.51	Core Growth	2,135.88	Low	Boston	United States	30-Jun-2017	Aggregate MFs
1330	Turner Investment Partners, Inc.	0	0.00	-5,000	-100.00	0.00	-0.39	Aggres. Gr.	29.29	High	Berwyn	United States	30-Sep-2016	Aggregate MFs
1331	UBS O'Connor LLC	0	0.00	-140,624	-100.00	0.00	-9.56	Hedge Fund	3,295.86	High	Chicago	United States	31-Dec-2017	13F
1332	USS Investment Management Ltd	0	0.00	-86,200	-100.00	0.00	-5.38	GARP	13,781.19	Low	London	England	30-Sep-2017	13F
1333	UTC Fund Services, Inc.	0	0.00	-2,283	-100.00	0.00	-0.17	GARP	38.38	High	Port of Spain	Trinidad and Tobago	31-Mar-2017	Aggregate MFs
1334	UniCredit Bank AG	0	0.00	-14,165	-100.00	0.00	-1.03		1,831.92	Moderate	Munich	Germany	31-Mar-2017	Aggregate MFs
1335	Union Investment Luxembourg S.A.	0	0.00	-700	-100.00	0.00	-0.05		11,341.73	Low	Luxembourg	Luxembourg	31-Dec-2017	Aggregate MFs
1336	Union Investment Privatfonds GmbH	0	0.00	-28,300	-100.00	0.00	-1.92	Core Growth	56,474.51	Low	Frankfurt	Germany	31-Dec-2017	Aggregate MFs
1337	V Wealth Management, LLC	0	0.00	-108	-100.00	0.00	-0.01		191.21	Moderate	Overland Park	United States	30-Sep-2017	13F
1338	VG Asset Management SA	0	0.00	-2,430	-100.00	0.00	-0.15	Core Value	15.06	High	Lugano	Switzerland	30-Sep-2017	Aggregate MFs
1339	Valiant Bank AG	0	0.00	-1,200	-100.00	0.00	-0.09	Core Growth	976.08	Low		Switzerland	31-Mar-2017	Aggregate MFs
1340	Vector Wealth Management	0	0.00	-2,777	-100.00	0.00	-0.19		406.36	Low	Minneapolis	United States	30-Jun-2017	13F
1341	Verition Fund Management LLC	0	0.00	-25,169	-100.00	0.00	-1.71	Hedge Fund	714.69	High	Greenwich	United States	31-Dec-2017	13F
1342	Vernier Capital Partners LLC	0	0.00	-66,263	-100.00	0.00	-4.81	Hedge Fund	154.19	High	New York	United States	31-Mar-2017	13F
1343	Virginia Retirement System	0	0.00	-5,600	-100.00	0.00	-0.43	Core Growth	8,836.33	Low	Richmond	United States	30-Sep-2016	13F
1344	Virtu Americas LLC	0	0.00	-28,135	-100.00	0.00	-1.91	Broker-Dealer	1,204.67	High	Jersey City	United States	31-Dec-2017	13F
1345	Virtu Financial BD LLC	0	0.00	-3,353	-100.00	0.00	-0.24	Broker-Dealer	574.63	High	New York	United States	31-Mar-2017	13F
1346	Voloridge Investment Management, LLC	0	0.00	-33,844	-100.00	0.00	-2.30		4,577.11	High	Orlando	United States	31-Dec-2017	13F
1347	Vontobel Asset Management AG	0	0.00	-1,013	-100.00	0.00	-0.08	Hedge Fund	1,025.20	Moderate	Zurich	Switzerland	28-Feb-2017	Aggregate MFs
1348	Washington Trust Co.	0	0.00	-3,658	-100.00	0.00	-0.27	Core Growth	1,776.59	Low	Westerly	United States	31-Mar-2017	13F
1349	Wealth Enhancement Advisory Services, LLC	0	0.00	-24,467	-100.00	0.00	-1.90		1,335.02	Moderate	Plymouth	United States	30-Sep-2016	13F
1350	Westfield Capital Management Company, L.P.	0	0.00	-271,403	-100.00	0.00	-16.93	Core Growth	14,103.20	Moderate	Boston	United States	30-Sep-2017	13F
1351	Westside Investment Management, Inc	0	0.00	-24	-100.00	0.00	0.00	Equity Hedge	185.36	Low	Santa Monica	United States	30-Sep-2017	13F
1352	William Blair Investment Management, LLC	0	0.00	-165	-100.00	0.00	-0.01	GARP	39,168.45	Moderate	Chicago	United States	31-Dec-2017	Aggregate MFs
1353	Williams, Jones & Associates, LLC	0	0.00	-2,956	-100.00	0.00	-0.18	GARP	4,403.55	Low	New York	United States	30-Sep-2017	13F
1354	Winch Financial	0	0.00	-135	-100.00	0.00	-0.01		164.10	Low	Appleton	United States	31-Dec-2016	13F
1355	Winfield Associates Inc.	0	0.00	-73	-100.00	0.00	0.00		196.74	Low	Cleveland	United States	30-Sep-2017	13F
1356	WisdomTree Asset Management, Inc.	0	0.00	-319	-100.00	0.00	-0.02	Growth	403.88	Moderate	New York	United States	31-Dec-2017	Aggregate MFs
1357	Woodmont Investment Counsel LLC	0	0.00	-334	-100.00	0.00	-0.02	GARP	386.55	Low	Nashville	United States	31-Dec-2016	13F
1358	Woodpecker Capital SA	0	0.00	-1,175	-100.00	0.00	-0.09		30.59	High	Luxembourg	Luxembourg	31-Mar-2017	Aggregate MFs
1359	Ziegler Capital Management, LLC	0	0.00	-3,166	-100.00	0.00	-0.22	GARP	4,402.22	Moderate	Chicago	United States	30-Jun-2017	13F
1360	Zions Capital Advisors, Inc.	0	0.00	-396	-100.00	0.00	-0.03		582.68	Low	Salt Lake City	United States	31-Dec-2017	13F
1361	antea Vermögensverwaltung GmbH	0	0.00	-6,100	-100.00	0.00	-0.42		192.86	Moderate	Hamburg	Germany	30-Jun-2017	Aggregate MFs
1362	myCIO Wealth Partners, LLC	0	0.00	-1,258	-100.00	0.00	-0.09	Core Value	916.88	Low	Philadelphia	United States	31-Dec-2016	13F
Total		**325,198,931**	**94.06**	**-8,463,547**		**22,088.91**	**-626.13**							

Source: Thomson Financial

Credit Rating Summary

K US $ Market  P63.00 /63.77T 5x2

Prev 63.35 Vol 1,701,825

K US Equity | 91) Company Tree Rating: | 92) Alert | Page 1/1 | Credit Rating Profile

Kellogg Co

1) Bloomberg Default Risk | DRSK »

Moody's	
2) Outlook	STABLE
3) Long Term Rating	Baa2
4) Senior Unsecured Debt	Baa2
5) Short Term	P-2
6) Standard & Poor's	SP !
7) Outlook	STABLE
8) LT Foreign Issuer Credit	BBB
9) LT Local Issuer Credit	BBB
10) ST Foreign Issuer Credit	A-2
11) ST Local Issuer Credit	A-2

Fitch	
12) Outlook	STABLE
13) LT Issuer Default Rating	BBB
14) Senior Unsecured Debt	BBB
15) Short Term	F2
16) ST Issuer Default Rating	F2
DBRS	
17) Senior Unsecured Debt	WR
18) Short Term	WR
Egan-Jones Ratings Company	
19) LC Senior Unsecured	BBB-
20) FC Senior Unsecured	BBB-
21) LC Commercial Paper	A2
22) FC Commercial Paper	A2

Financial Filings

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10- K

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

For the Fiscal Year Ended December 30, 2017

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

For The Transition Period From To

Commission file number 1- 4171

Kellogg Company

(Exact name of registrant as specified in its charter)

Delaware	**38- 0710690**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

One Kellogg Square
Battle Creek, Michigan 49016- 3599
(Address of Principal Executive Offices)
Registrant's telephone number: (269) 961- 2000

Securities registered pursuant to Section 12(b) of the Securities Act:

Title of each class:	Name of each exchange on which registered:
Common Stock, $.25 par value per share	**New York Stock Exchange**
1.750% Senior Notes due 2021	**New York Stock Exchange**
0.800% Senior Notes due 2022	**New York Stock Exchange**
1.000% Senior Notes due 2024	**New York Stock Exchange**
1.250% Senior Notes due 2025	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Securities Act: None

Indicate by a check mark if the registrant is a well- known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ✓ No ❑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ❑ No ✓

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No ❑

Indicate by check mark whether the registrant has submitted electronically and posted on its website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S- T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ✓ No ❑

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S- K is not contained herein, and will not be contained, to the best of the registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10- K or any amendment to this Form 10- K. ✓

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non- accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b- 2 of the Exchange Act.

Large accelerated filer ✓ | Accelerated filer ❑
Non- accelerated filer ❑ (Do not check if a smaller reporting company) | Smaller reporting company ❑
Emerging growth company ❑

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the common stock held by non- affiliates of the registrant (assuming for purposes of this computation only that the W. K. Kellogg Foundation Trust, directors and executive officers may be affiliates) as of the close of business on July 1, 2017 was approximately $18.9 billion based on the closing price of $68.34 for one share of common stock, as reported for the New York Stock Exchange on that date.

As of January 27, 2018, 345,748,749 shares of the common stock of the registrant were issued and outstanding.

Parts of the registrant's Proxy Statement for the Annual Meeting of Shareowners to be held on April 27, 2018 are incorporated by reference into Part III of this Report.

PART I

ITEM 1. BUSINESS

The Company. Kellogg Company, founded in 1906 and incorporated in Delaware in 1922, and its subsidiaries are engaged in the manufacture and marketing of ready- to- eat cereal and convenience foods.

The address of the principal business office of Kellogg Company is One Kellogg Square, P.O. Box 3599, Battle Creek, Michigan 49016-3599. Unless otherwise specified or indicated by the context, “Kellogg,” “we,” “us” and “our” refer to Kellogg Company, its divisions and subsidiaries.

Financial Information About Segments. Information on segments is located in Note 18 within Notes to the Consolidated Financial Statements.

Principal Products. Our principal products are snacks, such as cookies, crackers, savory snacks, toaster pastries, cereal bars, granola bars and bites, fruit- flavored snacks; and convenience foods, such as, ready- to- eat cereals, frozen waffles and veggie foods. These products were, as of February 20, 2018, manufactured by us in 21 countries and marketed in more than 180 countries. They are sold to retailers through direct sales forces for resale to consumers. We use broker and distributor arrangements for certain products and channels, as well as less- developed market areas or in those market areas outside of our focus.

Our snacks brands are marketed under brands such as **Kellogg’s, Keebler, Cheez- It, Pringles, Murray, Austin, Famous Amos, Parati, and RXBAR**. Our cereals and cereal bars are generally marketed under the **Kellogg’s** name, **with some under the Kashi and Bear Naked brands. Our frozen foods are marketed under the Eggo and Morningstar Farms brands.**

We also market cookies, crackers, crisps, and other convenience foods, under brands such as **Kellogg’s, Keebler, Cheez- It, Pringles, Murray, Austin** and **Famous Amos,** to supermarkets in the United States through a variety of distribution methods.

Additional information pertaining to the relative sales of our products for the years 2015 through 2017 is located in Note 18 within Notes to the Consolidated Financial Statements, which are included herein under Part II, Item 8.

Corporate responsibility and sustainability. Climate change and food security are core business issues for Kellogg to ensure the long-term health and viability of the ingredients we use in our products. The Social Responsibility & Public Policy Committee of our Board of Directors oversees the company's sustainability efforts and climate policy. All four committee members are independent. At the executive level, environmental and social issues in our supply chain are overseen by our Chief Sustainability Officer and are aligned and included in parallel work streams within internal audit and audit committee. Policies and strategies regarding these topics are aligned in the organization’s lobbying, advocacy, and membership efforts. In multi- stakeholder initiatives, Kellogg partners with suppliers, customers, governments and non- governmental organizations, including the World Business Council for Sustainable Development and the Consumer Goods Forum.

Kellogg Company relies on natural capital including energy for product manufacturing and distribution, water as an ingredient, for facility cleaning and steam power, and food crops and commodities as an ingredient. These natural capital dependencies are at risk of shortage, price volatility, regulation, and quality impacts due to climate change which is assessed as part of Kellogg’s overall enterprise risk management approach. Specific risks including water stress and social accountability are specifically identified and assessed on a regular basis, especially in emerging market expansion that fuels company growth. Due to these risks, Kellogg has implemented major short- and long- term initiatives to mitigate and adapt to these environmental pressures, as well as the resulting challenge of food security.

Global sustainability commitments. Kellogg has committed to improving efficiency in its owned manufacturing footprint by reducing water use, total waste, energy use, and greenhouse gas (GHG) emissions by 15% per metric tonne of food produced by 2020 from a 2015 baseline. We will report 2017 energy, GHG, and water use reductions in our 2017/2018 Corporate Responsibility Report. The goal is to reduce the risk of disruptions from unexpected constraints in natural resource availability or impacts on raw material pricing. Additionally, Kellogg is committed to implement water reuse projects in at least 25% of our plants by 2020 from a 2015 baseline, with a specific focus on plants located in water stressed areas. Kellogg has committed to responsibly sourcing our ten priority ingredients as determined by environmental, social, and business risk by 2020 by partnering with suppliers and farmers to measure continuous improvement. In addition, Kellogg established third- party approved science- based targets to reduce absolute Scope 1 and 2 greenhouse emissions by 65% and Scope 3 greenhouse emissions by 50% by 2050 from a 2015 baseline. Through these commitments, Kellogg supports the United Nations Sustainable Development Goal #13 to take urgent action to combat climate change and its impacts.

In 2016, the manufacturing organization led sustainability efforts that resulted in a reduction in water use by 2.7%, energy use by 0.1%, an increase in GHG emissions by 1.8% per metric tonne of food produce compared to a 2015 baseline. In the first year of our science-based targets, we've reduced absolute Scope 1 and 2 emissions by 0.2%. Numerous factors contributed to our increased GHG emissions, including 1) in several countries where we operate, drought conditions have decreased the generation of clean energy from hydropower; 2) the decreasing prices of fossil fuels has encouraged some countries to generate more electricity from these non-renewable sources; and 3) our growing Pringles® business requires more energy (and water) to produce than other Kellogg foods. In September 2017, Kellogg joined RE100, an industry platform working together towards 100% renewable electricity. Increasing our use of renewable electricity will lower business risk and reduce GHG emissions.

Food Loss and Waste: As a global food company, Kellogg is committed to addressing the critical issues of climate and food security, and we're committed to address food loss and waste. Kellogg supports the United Nations Sustainable Development Goal (SDG) 12.3, to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post- harvest losses, by 2030. These goals are aligned with Kellogg commitments to reduce waste, with a focus on food waste across our end- to- end supply chain. And through our global signature cause platform, Breakfasts for Better Days™ we're donating food for hunger relief that may otherwise go to waste.

Breakfasts for Better Days: In 2016, this global social purpose platform expanded with the intent to contribute to food security - aligned to United Nations Sustainable Development Goal #2 SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture. The goal of the program is to create 3 billion Better Days by 2025 to address food security risks that can impact the Company as well as create opportunity to engage consumers. The Company's five key commitments include food donations, expansion of breakfast clubs, supporting 500,000 farmers, committing to 45,000 employee volunteer days, and engaging 300 million people to join Kellogg in its hunger relief efforts. Through Breakfasts for Better Days, Kellogg has helped make billions of days better for people in need, providing 1.9 billion servings of food since 2013.

As a grain- based food company, the success of Kellogg Company is dependent on having timely access to high quality, low cost ingredients, water and energy for manufacturing globally. Risks are identified annually through annual reporting and evaluated in the short (<3 years), medium (3 - 6 years) and long terms (>6 years). The Company has incorporated the risks and opportunities of climate change and food security as part of the Global 2020 Growth Strategy and global Heart and Soul Strategy by continuing to identify risk, incorporate sustainability indicators into strategic priorities, and report regularly to leadership, the Board, and publicly. While these risks are not currently impacting business growth, they must be monitored, evaluated, and mitigated.

Raw Materials. Agricultural commodities, including corn, wheat, potato flakes, vegetable oils, sugar and cocoa, are the principal raw materials used in our products. Cartonboard, corrugate, and plastic are the principal packaging materials used by us. We continually monitor world supplies and prices of such commodities (which include such packaging materials), as well as government trade policies. The cost of such commodities may fluctuate widely due to government policy and regulation, weather conditions, climate change or other unforeseen circumstances. Continuous efforts are made to maintain and improve the quality and supply of such commodities for purposes of our short- term and long- term requirements.

The principal ingredients in the products produced by us in the United States include corn grits, wheat and wheat derivatives, potato flakes, oats, rice, cocoa and chocolate, soybeans and soybean derivatives, various fruits, sweeteners, vegetable oils, dairy products, eggs, and other ingredients, which are obtained from various sources. While most of these ingredients are purchased from sources in the United States, some materials are imported due to regional availability and specification requirements.

We enter into long- term contracts for the materials described in this section and purchase these items on the open market, depending on our view of possible price fluctuations, supply levels, and our relative negotiating power. While the cost of some of these materials has, and may continue to increase over time, we believe that we will be able to purchase an adequate supply of these items as needed. As further discussed herein under Part II, Item 7A, we also use commodity futures and options to hedge some of our costs.

Raw materials and packaging needed for internationally based operations are available in adequate supply and are sourced both locally and imported from countries other than those where used in manufacturing.
Natural gas and propane are the primary sources of energy used to power processing ovens at major domestic and international facilities, although certain locations may use electricity, oil, propane or solar cells on a back- up or alternative basis. In addition, considerable amounts of diesel fuel are used in connection with the distribution of our products.
Trademarks and Technology. Generally, our products are marketed under trademarks we own. Our principal trademarks are our housemarks, brand names, slogans, and designs related to cereals, snacks and various other foods manufactured and marketed by us, and we also grant licenses to third parties to use these marks on various goods. These trademarks include **Kellogg’s** for cereals, convenience foods and our other products, and the brand names of certain ready- to- eat cereals, including **All- Bran, Apple Jacks, Choco Zucaritas, Cocoa Krispies, Kellogg’s Corn Flakes, Corn Pops, Cracklin’ Oat Bran, Crispix, Eggo, Froot Loops, Kellogg’s Frosted Flakes, Krave, Frosted Krispies, Frosted Mini- Wheats, Mueslix, Pops, Kellogg's Raisin Bran, Raisin Bran Crunch**, **Rice Krispies, Rice Krispies Treats, Smacks/Honey Smacks, Special K, Special K Nourish, Special K Red Berries** and **Zucaritas** in the United States and elsewhere; **Sucrilhos, Krunchy Granola, Kellogg's Extra, Kellness, Müsli,** and **Choco Krispis** for cereals in Latin America; **Vector** in Canada; **Ancient Legends, Coco Pops, Choco Krispies, Frosties, Fruit ‘N Fibre, Kellogg’s Crunchy Nut, Krave, Honey Loops, Kellogg’s Extra, Country Store, Smacks, Pops, Honey Bsss, Croco Copters, W.K. Kellogg, Toppas** and **Tresor** for cereals in Europe; and **Froot Ring, Guardian, Just Right, Sultana Bran, Frosties, Rice Bubbles, Nutri- Grain,** and **Sustain** for cereals in Asia and Australia. Additional trademarks are the names of certain combinations of ready- to- eat **Kellogg’s** cereals, including **Fun Pak** and **Variety**.
Other brand names include **Kellogg’s** Corn Flake Crumbs; **All- Bran, Choco Krispis, Crunchy Nut, Frutela, Special K, Squares, Zucaritas** and **Sucrilhos** for cereal bars; **Pop- Tarts** for toaster pastries; **Eggo** and **Nutri- Grain** for frozen waffles and pancakes; **Eggo**, **Special K** and **MorningStar Farms** for breakfast sandwiches; **Rice Krispies Treats** for convenience foods; **Special K** protein shakes; **Nutri- Grain** cereal bars for convenience foods in the United States and elsewhere; **K- Time, Split Stix, Be Natural, Sunibrite** and **LCMs** for convenience foods in Australia; **Choco Krispies, Coco Pops,** and **Rice Krispies Squares** for convenience foods in Europe; **Kashi** for certain cereals, convenience foods, frozen foods, powders and pilaf; **GoLean** for cereals and nutrition bars; **Special K** and **Vector** for meal bars; **Bear Naked** for granola cereal and snack bites, **Pringles** for potato crisps, corn crisps, grain and vegetable crisps and potato sticks; and **Morningstar Farms** and **Gardenburger** for certain meat alternatives.
We also market convenience foods under trademarks and tradenames which include **Keebler, Austin, Cheez- It, Chips Deluxe, Club, E. L. Fudge, Famous Amos, Fudge Shoppe, Gripz, Krispy, Minueto, Mother’s, Murray, Murray Sugar Free, Parati, Ready Crust, RXBAR, Sandies, Special K, Soft Batch, Simply Made, Stretch Island, Sunshine, Toasteds, Town House, Trink, Vienna Fingers, Zesta** and **Zoo Cartoon.** One of our subsidiaries is also the exclusive licensee of the **Carr’s** cracker line in the United States.
Our trademarks also include logos and depictions of certain animated characters in conjunction with our products, including **Snap! Crackle! Pop!** for **Cocoa Krispies** and **Rice Krispies** cereals and **Rice Krispies Treats** convenience foods; **Tony the Tiger** for **Kellogg’s Frosted Flakes, Zucaritas, Sucrilhos** and **Frosties** cereals and convenience foods; **Ernie Keebler** for cookies, convenience foods and other products; the **Hollow Tree** logo for certain convenience foods; **Toucan Sam** for **Froot Loops** cereal; **Dig ‘Em** for **Smacks/Honey Smacks** cereal; **Sunny** for **Kellogg’s Raisin Bran** and **Raisin Bran Crunch** cereals; **Coco** the Monkey for **Coco Pops and Chocos** cereal; **Cornelius** (aka Cornelio) for **Kellogg’s Corn Flakes**; **Melvin** the Elephant for certain cereal and convenience foods; **Chocovore** and **Sammy the Seal** (aka **Smaxey** the Seal) for certain cereal products; and **Mr. P** or **Julius Pringles** for Pringles potato crisps, corn crisps, grain and vegetable crisps and potato sticks.
The slogans **The Original & Best, They’re Gr- r- reat!**, **Show Your Stripes** and **Follow Your Nose,** are used in connection with our ready- to- eat cereals, along with **L’ Eggo my Eggo**, used in connection with our frozen waffles, pancakes, French toast sticks and breakfast sandwiches, **Uncommonly Good** and **It Takes Heart To Make a Good Cookie** used in connection with convenience food products, **Taste It To Believe It** used in connection with meat alternatives and **Pop Play Eat** used in connection with potato crisps are also important Kellogg trademarks.
The trademarks listed above, among others, when taken as a whole, are important to our business. Certain individual trademarks are also important to our business. Depending on the jurisdiction, trademarks are generally valid as long as they are in use and/or their registrations are properly maintained and they have not been found to

have become generic. Registrations of trademarks can also generally be renewed indefinitely as long as the trademarks are in use.
We consider that, taken as a whole, the rights under our various patents, which expire from time to time, are a valuable asset, but we do not believe that our businesses are materially dependent on any single patent or group of related patents. Our activities under licenses or other franchises or concessions which we hold are similarly a valuable asset, but are not believed to be material.
Seasonality. Demand for our products has generally been approximately level throughout the year, although some of our convenience foods have a bias for stronger demand in the second half of the year due to events and holidays. We also custom- bake cookies for the Girl Scouts of the U.S.A., which are principally sold in the first quarter of the year.
Working Capital. A description of our working capital is included in the Liquidity section of MD&A within Item 7 of this report.
Customers. Our largest customer, Wal- Mart Stores, Inc. and its affiliates, accounted for approximately 20% of consolidated net sales during 2017, comprised principally of sales within the United States. At December 30, 2017, approximately 17% of our consolidated receivables balance and 26% of our U.S. receivables balance was comprised of amounts owed by Wal- Mart Stores, Inc. and its affiliates. No other customer accounted for greater than 10% of net sales in 2017. During 2017, our top five customers, collectively, including Wal- Mart, accounted for approximately 35% of our consolidated net sales and approximately 49% of U.S. net sales. There has been significant worldwide consolidation in the grocery industry and we believe that this trend is likely to continue. Although the loss of any large customer for an extended length of time could negatively impact our sales and profits, we do not anticipate that this will occur to a significant extent due to the consumer demand for our products and our relationships with our customers. Our products have been generally sold through our own sales forces and through broker and distributor arrangements, and have been generally resold to consumers in retail stores, restaurants, and other food service establishments.
Backlog. For the most part, orders are filled within a few days of receipt and are subject to cancellation at any time prior to shipment. The backlog of any unfilled orders at December 30, 2017 and December 31, 2016 was not material to us.
Competition. We have experienced, and expect to continue to experience, intense competition for sales of all of our principal products in our major product categories, both domestically and internationally. Our products compete with advertised and branded products of a similar nature as well as unadvertised and private label products, which are typically distributed at lower prices, and generally with other food products. Principal methods and factors of competition include new product introductions, product quality, taste, convenience, nutritional value, price, advertising and promotion.
Research and Development. Research to support and expand the use of our existing products and to develop new food products is carried on at the W. K. Kellogg Institute for Food and Nutrition Research in Battle Creek, Michigan, and at other locations around the world. Our expenditures for research and development were approximately (in millions): 2017- $148; 2016- $182; 2015- $193.
Regulation. Our activities in the United States are subject to regulation by various government agencies, including the Food and Drug Administration, Federal Trade Commission and the Departments of Agriculture, Commerce and Labor, as well as voluntary regulation by other bodies. Various state and local agencies also regulate our activities. Other agencies and bodies outside of the United States, including those of the European Union and various countries, states and municipalities, also regulate our activities.
Environmental Matters. Our facilities are subject to various U.S. and foreign, federal, state, and local laws and regulations regarding the release of material into the environment and the protection of the environment in other ways. We are not a party to any material proceedings arising under these regulations. We believe that compliance with existing environmental laws and regulations will not materially affect our consolidated financial condition or our competitive position.
Employees. At December 30, 2017, we had approximately 33,000 employees.
Financial Information About Geographic Areas. Information on geographic areas is located in Note 18 within Notes to the Consolidated Financial Statements, which are included herein under Part II, Item 8.

Executive Officers. The names, ages, and positions of our executive officers (as of February 20, 2018) are listed below, together with their business experience. Executive officers are elected annually by the Board of Directors.

Amit Banati 49
Senior Vice President, Kellogg Company
President, Asia Pacific
Mr. Banati assumed his current position in March 2012. Prior to joining Kellogg Company, he served in a variety of board and leadership roles at Kraft Foods, Cadbury Schweppes and Procter & Gamble. Mr. Banati has worked extensively across the Asia Pacific region, particularly in Australia, India, China, Japan, Korea, Southeast Asia and Singapore. At Kraft Foods, he was President, North Asia and Asia Pacific strategy, leading the company's operations in Japan, Korea, Taiwan, Hong Kong and Singapore. Prior to that, Mr. Banati served as President, Pacific, for Cadbury Schweppes, leading its Australia, New Zealand, Japan and Singapore operations. He was also Chairman of Cadbury Schweppes Australia Limited.

John A. Bryant 52
Chairman

Mr. Bryant has been Chairman of the Board of Kellogg Company since July 2014. Mr. Bryant retired from his role as President and Chief Executive Officer on October 1, 2017, having served in that role since January 2011. He has been a member of Kellogg Company's Board of Directors since July 2010. From December 2006 through January 2011, Mr. Bryant held various operating roles, including President, Kellogg International; President, Kellogg North America; and Chief Operating Officer. He was also the Chief Financial Officer of Kellogg Company from February 2002 until June 2004 and again from December 2006 through December 2009. Mr. Bryant joined Kellogg Company in 1998 and was promoted during the next four years to a number of key financial and executive leadership roles. He has also been a trustee of the W. K. Kellogg Foundation Trust since 2015, and is a director of Macy's Inc.

Steven A. Cahillane 52
President and Chief Executive Officer

Mr. Cahillane became President and Chief Executive Officer on October 2, 2017, and has served as a Kellogg Director since October 2017. Prior to joining Kellogg, Mr. Cahillane served as Chief Executive Officer and President, and as member of the board of directors, of Alphabet Holding Company, Inc., and its wholly- owned operating subsidiary, The Nature's Bounty Co., since September 8, 2014. Prior to that, Mr. Cahillane served as Executive Vice President of The Coca- Cola Company from February 2013 to February 2014 and President of Coca- Cola Americas, the global beverage maker's largest business, with $25 billion in annual sales at that time, from January 2013 to February 2014. Mr. Cahillane served as President of various Coca- Cola operating groups from 2007 to 2012.

Alistair D. Hirst 58
Senior Vice President, Global Supply Chain
Mr. Hirst assumed his current position in April 2012. He joined the company in 1984 as a Food Technologist at the Springs, South Africa, plant. While at the facility, he was promoted to Quality Assurance Manager and Production Manager. From 1993 to 2001, Mr. Hirst held numerous positions in South Africa and Australia, including Production Manager, Plant Manager, and Director, Supply Chain. In 2001, Mr. Hirst was promoted to Director, Procurement at the Manchester, England, facility and was later named European Logistics Director. In 2005, he transferred to the U.S. when promoted to Vice President, Global Procurement. In 2008, he was promoted to Senior Vice President, Snacks Supply Chain and to Senior Vice President, North America Supply Chain, in October 2011.

Christopher M. Hood 55
Senior Vice President, Kellogg Company
President, Kellogg Europe
Mr. Hood assumed his current position in October 2013. He joined The Procter and Gamble Company in 1993, and had a distinguished 19- year career in Marketing and General Management, based in Cincinnati, Ohio. Mr. Hood joined Kellogg Company in 2012 as the Vice President of European Snacks. He has held a number of Board roles across the Food and Beverage Industry. Mr. Hood is currently serving on the Board of Food Drink Europe and the European Brands Association.

Melissa A. Howell 51
Senior Vice President, Global Human Services
Ms. Howell assumed her current position in June 2016. Prior to joining Kellogg, she was Chief Human Resource Officer for Rockford, Michigan- based Wolverine since 2014. Prior to Wolverine, Ms. Howell spent 24 years with General Motors where she led a team of 2,800 Human Resource professionals worldwide, supporting a global business at one of the top automotive companies in the world, and also among the largest public corporations. Ms. Howell joined General Motors as a Labor Relations Representative at its Ypsilanti, Michigan, assembly plant in 1990. Over the following years, she served in a series of key human resource leadership roles in Europe, Asia and U.S. leading teams on six continents across an array of functional areas. Ms. Howell was promoted to Executive Director of North American Human Resources in 2011 and subsequently promoted to Senior Vice President of Global Human Resources.

Fareed Khan 52
Senior Vice President and Chief Financial Officer
Mr. Khan has been Senior Vice President, Chief Financial Officer and Principal Financial Officer, Kellogg Company since February 22, 2017. Mr. Khan joined Kellogg in February 2017. Before joining the Company, he served as Chief Financial Officer of US Foods Holding Corp. since 2013. Prior to that, Mr. Khan had been Senior Vice President and Chief Financial Officer of United Stationers Inc. since July 2011. Prior to United Stationers Inc., he spent twelve years with USG Corporation, where he most recently served as Executive Vice President, Finance and Strategy. Before joining USG Corporation in 1999, Mr. Khan was a consultant with McKinsey & Company, where he served global clients on a variety of projects.

Maria Fernanda Mejia 54
Senior Vice President, Kellogg Company
President, Kellogg Latin America
Ms. Mejia assumed her current position in November 2011. She previously held a variety of global marketing and management roles at the Colgate- Palmolive Company, including Corporate Vice President and General Manager, Global Personal Care and Corporate Fragrance Development, Corporate Vice President of Marketing and Innovation for Europe/South Pacific, and President and CEO of Colgate- Palmolive Spain. She joined Colgate in 1989.

Donald O. Mondano 46
Vice President and Corporate Controller
Mr. Mondano assumed his current position in March 2016. Prior to joining Kellogg Company, Mr. Mondano was Vice President, Finance and Corporate Controller at The Manitowoc Company, a Wisconsin- based manufacturer specializing in products for global foodservice and construction industries, since 2012. In this role, he was not only responsible for the enterprise reporting and accounting function, but he was also responsible for overseeing enterprise financial planning and analysis, management reporting and the overall finance function of one of the two business segments, the Cranes business unit. Prior to that role, he worked in various roles of increasing responsibility at PricewaterhouseCoopers at various international and domestic offices from March 2000 to June 2012. Mr. Mondano previously held positions in Phillip Semiconductors and The Bank of the Philippine Islands, as a cost accountant and commercial lender, respectively.

Paul T. Norman 53
Senior Vice President, Kellogg Company
President, Kellogg North America
Mr. Norman was appointed President, Kellogg North America in May 2015. He was appointed Senior Vice President, Kellogg Company in December 2005. Mr. Norman was appointed Chief Growth Officer in October 2013 and also held the role of interim U.S. Morning Foods President from June 2014 to May 2015. Mr. Norman joined Kellogg's U.K. sales organization in 1987. From 1989 to 1996, Mr. Norman was promoted to several marketing roles in France and Canada. He was promoted to director, marketing, Kellogg de Mexico in January 1997; to Vice President, Marketing, Kellogg USA in February 1999; to President, Kellogg Canada Inc. in December 2000; and to Managing Director, United Kingdom/Republic of Ireland in February 2002. In September 2004, Mr. Norman was appointed to Vice President, Kellogg Company, and President, U.S. Morning Foods. In August 2008, Mr. Norman was promoted to President, Kellogg International.

Gary H. Pilnick 53
Vice Chairman, Corporate Development
and Chief Legal Officer
Mr. Pilnick was appointed Vice Chairman, Corporate Development and Chief Legal Officer in January 2016. In August 2003, he was appointed Senior Vice President, General Counsel and Secretary and assumed responsibility for Corporate Development in June 2004. He joined Kellogg as Vice President — Deputy General Counsel and Assistant Secretary in September 2000 and served in that position until August 2003. Before joining Kellogg, he served as Vice President and Chief Counsel of Sara Lee Branded Apparel and as Vice President and Chief Counsel, Corporate Development and Finance at Sara Lee Corporation.

Clive M. Sirkin 54
Senior Vice President, Kellogg Company
Chief Growth Officer
Mr. Sirkin assumed his current position in December 2015. Prior to joining Kellogg Company, he served as Kimberly- Clark's Chief Marketing Officer (CMO) since 2012. Prior to joining Kimberly- Clark, Mr. Sirkin served as Principal, Plunger Group, a consulting firm focused on working with CMOs to transform brand building from an analog advertising and communication model to a digitally driven commercial model focused on driving growth. Prior to founding Plunger Group, he served as Group Managing Director Leo Burnett Worldwide. During his 15- year tenure with Leo Burnett, Mr. Sirkin also served as Executive Vice President - Global Director, and Vice President, Leo Burnett Canada.

Availability of Reports; Website Access; Other Information. Our internet address is http://www.kelloggcompany.com. Through “Investor Relations” — “Financial Reports” — “SEC Filings” on our home page, we make available free of charge our proxy statements, our annual report on Form 10- K, our quarterly reports on Form 10- Q, our current reports on Form 8- K, SEC Forms 3, 4 and 5 and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Our reports filed with the Securities and Exchange Commission are also made available to read and copy at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the Public Reference Room by contacting the SEC at 1- 800- SEC- 0330. Reports filed with the SEC are also made available on its website at www.sec.gov.

Copies of the Corporate Governance Guidelines, the Charters of the Audit, Compensation and Talent Management, and Nominating and Governance Committees of the Board of Directors, the Code of Conduct for Kellogg Company directors and Global Code of Ethics for Kellogg Company employees (including the chief executive officer, chief financial officer and corporate controller) can also be found on the Kellogg Company website. Any amendments or waivers to the Global Code of Ethics applicable to the chief executive officer, chief financial officer and corporate controller can also be found in the “Investor Relations” section of the Kellogg Company website. Shareowners may also request a free copy of these documents from: Kellogg Company, P.O. Box CAMB, Battle Creek, Michigan 49016- 9935 (phone: (800) 961- 1413), Investor Relations Department at that same address (phone: (269) 961- 2800) or investor.relations@kellogg.com.

Forward- Looking Statements. This Report contains “forward- looking statements” with projections concerning, among other things, the Company’s global growth and efficiency program (Project K), the integration of acquired businesses, our strategy, zero- based budgeting, financial principles, and plans; initiatives, improvements and growth; sales, margins, advertising, promotion, merchandising, brand building, operating profit, and earnings per share; innovation; investments; capital expenditures; asset write- offs and expenditures and costs related to productivity or efficiency initiatives; the impact of accounting changes and significant accounting estimates; our ability to meet interest and debt principal repayment obligations; minimum contractual obligations; future common stock repurchases or debt reduction; effective income tax rate; cash flow and core working capital improvements; interest expense; commodity and energy prices; and employee benefit plan costs and funding. Forward- looking statements include predictions of future results or activities and may contain the words “expect,” “believe,” “will,” “can,” “anticipate,” “estimate,” “project,” “should,” or words or phrases of similar meaning. For example, forward- looking statements are found in this Item 1 and in several sections of Management’s Discussion and Analysis. Our actual results or activities may differ materially from these predictions. Our future results could be affected by a variety of factors, including the ability to implement Project K, including exiting our Direct- Store- Door distribution system, whether the expected amount of costs associated with Project K will exceed forecasts, whether the Company will be able to realize the anticipated benefits from Project K in the amounts and times expected, the ability to realize the benefits we expect from the adoption of zero- based budgeting in the amounts and at the times expected, the ability to realize anticipated benefits from revenue growth management, the ability to realize the anticipated benefits and synergies from acquired businesses in the amounts and at the times expected, the impact of competitive conditions; the effectiveness of pricing, advertising, and promotional programs; the success of innovation, renovation and new product introductions; the recoverability of the carrying value of goodwill and other intangibles; the success of productivity improvements and business transitions; commodity and energy prices; labor costs; disruptions or inefficiencies in supply chain; the availability of and interest rates on short- term and long- term financing; actual market performance of benefit plan trust investments; the levels of spending on systems initiatives, properties, business opportunities, integration of acquired businesses, and other general and administrative costs; changes in consumer behavior and preferences; the effect of U.S. and foreign economic conditions on items such as interest rates, statutory tax rates, currency conversion and availability; legal and regulatory factors including changes in food safety, advertising and labeling laws and regulations; the ultimate impact of product recalls; adverse changes in global climate or extreme weather conditions; business disruption or other losses from natural disasters, war, terrorist acts, or political unrest; and the risks and uncertainties described in Item 1A below. Forward- looking statements speak only as of the date they were made, and we undertake no obligation to publicly update them.

ITEM 1A. RISK FACTORS

In addition to the factors discussed elsewhere in this Report, the following risks and uncertainties could materially adversely affect our business, financial condition and results of operations. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and financial condition.

We may not realize the benefits that we expect from our global efficiency and effectiveness program (Project K).

In November 2013, the Company announced a global efficiency and effectiveness program (Project K). The successful implementation of Project K presents significant organizational design and infrastructure challenges and in many cases will require successful negotiations with third parties, including labor organizations, suppliers, business partners, and other stakeholders. In addition, the project may not advance our business strategy as expected. While we are four years into the implementation of Project K and many of the initiatives under the program have been successfully implemented or are nearing completion, we may not be able to implement Project K as planned, including the successful exit of our Direct Store Delivery network and transitioning that business to a warehouse model. Events and circumstances, such as financial or strategic difficulties, delays and unexpected costs may occur that could result in our not realizing all or any of the anticipated benefits or our not realizing the anticipated benefits on our expected timetable. If we are unable to realize the anticipated savings of the program, our ability to fund other initiatives may be adversely affected. Any failure to implement Project K in accordance with our expectations could adversely affect our financial condition, results of operations and cash flows.

In addition, the complexity of Project K has required, and will continue to require a substantial amount of management and operational resources. Our management team must successfully implement administrative and operational changes necessary to achieve the anticipated benefits of Project K. These and related demands on our resources may divert the organization’s attention from existing core businesses, integrating or separating personnel and financial or other systems, have adverse effects on existing business relationships with suppliers and customers, and impact employee morale. As a result our financial condition, results of operations or cash flows may be adversely affected.

We may not realize the benefits we expect from the adoption of zero- based budgeting.

We adopted zero- based budgeting which presents significant organizational challenges. As a result, we may not realize all or part of the anticipated cost savings or other benefits from the initiative. Other events and circumstances, such as financial or strategic difficulties, delays or unexpected costs, may also adversely impact our ability to realize all or part of the anticipated cost savings or other benefits, or cause us not to realize the anticipated cost savings or other benefits on the expected timetable. If we are unable to realize the anticipated cost savings, our ability to fund other initiatives may be adversely affected. In addition, the initiatives may not advance our strategy as expected. Finally, the complexity of the implementation will require a substantial amount of management and operational resources. Our management team must successfully execute the administrative and operational changes necessary to achieve the anticipated benefits of the initiatives. These and related demands on our resources may divert the organization's attention from other business issues, have adverse effects on existing business relationships with suppliers and customers, and impact employee morale.

Any failure to implement our cost reduction, organizational design or other initiatives in accordance with our plans could adversely affect our business or financial results.

We may not realize the benefits we expect from revenue growth management.

We are establishing a more formal revenue growth management discipline to help us realize price in a more effective way. This approach addresses price strategy, price- pack architecture, promotion strategy, mix management, and trade strategies. Revenue growth management will involve changes to the way we do business and may not always be accepted by our customers or consumers causing us not to realize the anticipated benefits. In addition, the complexity of the implementation will require a substantial amount of management and operational resources. Our management team must successfully execute the administrative and operational changes necessary to achieve the anticipated benefits of the initiative. These and related demands on our resources may divert the organization's attention from other business issues and have adverse effects on existing business relationships with suppliers and customers. Any failure to implement revenue growth management in accordance with our plans could adversely affect our business or financial condition.

Our results may be materially and adversely impacted as a result of increases in the price of raw materials, including agricultural commodities, fuel and labor.

Agricultural commodities, including corn, wheat, potato flakes, vegetable oils, sugar and cocoa, are the principal raw materials used in our products. Cartonboard, corrugated, and plastic are the principal packaging materials used by us. The cost of such commodities may fluctuate widely due to government policy and regulation, drought and other weather conditions (including the potential effects of climate change) or other unforeseen circumstances. To the extent that any of the foregoing factors affect the prices of such commodities and we are unable to increase our prices or adequately hedge against such changes in prices in a manner that offsets such changes, the results of our operations could be materially and adversely affected. In addition, we use derivatives to hedge price risk associated with forecasted purchases of raw materials. Our hedged price could exceed the spot price on the date of purchase, resulting in an unfavorable impact on both gross margin and net earnings.

Cereal processing ovens at major domestic and international facilities are regularly fueled by electricity, natural gas or propane, which are obtained from local utilities or other local suppliers. Short- term stand- by propane storage exists at several plants for use in case of interruption in natural gas supplies. Oil may also be used to fuel certain operations at various plants. In addition, considerable amounts of diesel fuel are used in connection with the distribution of our products. The cost of fuel may fluctuate widely due to economic and political conditions, government policy and regulation, war, or other unforeseen circumstances which could have a material adverse effect on our consolidated operating results or financial condition.

A shortage in the labor pool, failure to successfully negotiate collectively bargained agreements, or other general inflationary pressures or changes in applicable laws and regulations could increase labor cost, which could have a material adverse effect on our consolidated operating results or financial condition.

Our labor costs include the cost of providing benefits for employees. We sponsor a number of benefit plans for employees in the United States and various foreign locations, including pension, retiree health and welfare, active health care, severance and other postemployment benefits. We also participate in a number of multiemployer pension plans for certain of our manufacturing locations. Our major pension plans and U.S. retiree health and welfare plans are funded with trust assets invested in a globally diversified portfolio of equity securities with smaller holdings of bonds, real estate and other investments. The annual cost of benefits can vary significantly from year to year and is materially affected by such factors as changes in the assumed or actual rate of return on major plan assets, a change in the weighted- average discount rate used to measure obligations, the rate or trend of health care cost inflation, and the outcome of collectively- bargained wage and benefit agreements. Many of our employees are covered by collectively- bargained agreements and other employees may seek to be covered by collectively- bargained agreements. Strikes or work stoppages and interruptions could occur if we are unable to renew these agreements on satisfactory terms or enter into new agreements on satisfactory terms, which could adversely impact our operating results. The terms and conditions of existing, renegotiated or new agreements could also increase our costs or otherwise affect our ability to fully implement future operational changes to enhance our efficiency.

Multiemployer pension plans could adversely affect our business.

We participate in various “multiemployer” pension plans administered by labor unions representing some of our employees. We make periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. Our required contributions to these funds could increase because of a shrinking contribution base as a result of the insolvency or withdrawal of other companies that currently contribute to these funds, inability or failure of withdrawing companies to pay their withdrawal liability, lower than expected returns on pension fund assets or other funding deficiencies. In the event that we withdraw from participation in one of these plans,

then applicable law could require us to make an additional lump- sum contribution to the plan, and we would have to reflect that as an expense in our consolidated statement of operations and as a liability on our consolidated balance sheet. Our withdrawal liability for any multiemployer plan would depend on the extent of the plan’s funding of vested benefits. In the ordinary course of our renegotiation of collective bargaining agreements with labor unions that maintain these plans, we may decide to discontinue participation in a plan, and in that event, we could face a withdrawal liability. Some multiemployer plans in which we participate are reported to have significant underfunded liabilities. Such underfunding could increase the size of our potential withdrawal liability.

We operate in the highly competitive food industry.

We face competition across our product lines, including ready- to- eat cereals and convenience foods, from other companies which have varying abilities to withstand changes in market conditions. Most of our competitors have substantial financial, marketing and other resources, and competition with them in our various markets and product lines could cause us to reduce prices, increase capital, marketing or other expenditures, or lose category share, any of which could have a material adverse effect on our business and financial results. In some cases, our competitors may be able to respond to changing business and economic conditions more quickly than us. Category share and growth could also be adversely impacted if we are not successful in introducing new products, anticipating changes in consumer preferences with respect to dietary trends or purchasing behaviors or in effectively assessing, changing and setting proper pricing.

The changing retail environment could negatively impact our sales and profits.

Our businesses are largely concentrated in the traditional retail grocery trade. Our largest customer, Wal- Mart Stores, Inc. and its affiliates, accounted for approximately 20% of consolidated net sales during 2017, comprised principally of sales within the United States. At December 30, 2017, approximately 17% of our consolidated receivables balance and 26% of our U.S. receivables balance was comprised of amounts owed by Wal- Mart Stores, Inc. and its affiliates. No other customer accounted for greater than 10% of net sales in 2017. During 2017, our top five customers, collectively, including Wal- Mart, accounted for approximately 35% of our consolidated net sales and approximately 49% of U.S. net sales. There can be no assurances that our largest customers will continue to purchase our products in the same mix or quantities or on the same terms as in the past. As the retail grocery trade continues to consolidate and retailers become larger, our large retail customers have sought, and may continue to seek in the future, to use their position to improve their profitability through improved efficiency, lower pricing, increased promotional programs funded by their suppliers and more favorable terms. If we are unable to use our scale, marketing expertise, product innovation and category leadership positions to respond, our profitability or volume growth could be negatively affected. The loss of any large customer or severe adverse impact on the business operations of any large customer for an extended length of time could negatively impact our sales and profits.

Additionally, alternative retail channels, such as internet- based retailers, mobile applications, subscription services, discount and dollar stores, drug stores and club stores, have become more prevalent. If we are not successful in expanding sales in alternative retail channels, our business or financial results may be negatively impacted. In addition, these alternative retail channels may create consumer price deflation, affecting our retail customer relationships and presenting additional challenges to increasing prices in response to commodity or other cost increases. Also, if these alternative retail channels, such as internet- based retailers were to take significant share away from traditional retailers that could have a flow over effect on our business and our financial results could be negatively impacted.

Our results may be negatively impacted if consumers do not maintain their favorable perception of our brands.

We have a number of iconic brands with significant value. Maintaining and continually enhancing the value of these brands is critical to the success of our business. Brand value is based in large part on consumer perceptions. Success in promoting and enhancing brand value depends in large part on our ability to provide high- quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about our products (whether or not valid), our failure to maintain the quality of our products, the failure of our products to deliver consistently positive consumer experiences, the products becoming unavailable to consumers, or the failure to meet the nutrition expectations of our products or particular ingredients in our products (whether or not valid), including whether certain of our products are perceived to contribute to obesity. In addition, we might fail to anticipate consumer preferences with respect to dietary trends or purchasing behaviors, invest sufficiently in maintaining, extending and expanding our brand image or achieve the desired efforts of our marketing efforts. The growing use of social and digital media by consumers, Kellogg and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about Kellogg, our brands or our products on social or digital media could seriously damage our brands, reputation and brand loyalty, regardless of the information’s accuracy. The harm may be immediate without affording us an opportunity for redress or correction. Brand recognition and loyalty can also be impacted by the effectiveness of our advertising campaigns, marketing programs and sponsorships, as well as our use of social media. If we do not maintain the favorable perception of our brands, our results could be negatively impacted.

The impact of recently enacted tax reform legislation in the U.S. on our business is uncertain.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code which impact our year ended 12/30/17, including but not limited to, reducing the corporate tax rate from 35% to 21%, requiring a one- time transition tax on certain unrepatriated earnings of foreign subsidiaries that may be electively paid over eight years, and accelerating first year expensing of certain capital expenditures.

The Tax Act also introduces new tax laws that may impact our taxable income beginning in 2018 which will include, but not limited to the repeal of the domestic production activity deduction, generally eliminating U.S. federal income taxes on foreign earnings (subject to certain important exceptions), a new provision designed to tax currently global intangible low taxed income (GILTI), a provision that could limit the amount of deductible interest expense, limitations on the deductibility of certain executive compensation, creating a base erosion anti- abuse tax (BEAT), and modifying or repealing many deductions and credits.

The impact of many provisions of the Tax Act lack clarity and is subject to interpretation until additional Internal Revenue Service guidance is issued. The ultimate impact of the act may differ from the Company's estimates due to changes in the interpretations and assumptions made as well as any forthcoming regulatory guidance.

Tax matters, including changes in tax rates, disagreements with taxing authorities and imposition of new taxes could impact our results of operations and financial condition.

The Company is subject to taxes in the U.S. and numerous foreign jurisdictions where the Company's subsidiaries are organized. Due to economic and political conditions (including shifts in the geopolitical landscape), tax rates in the U.S. and various foreign jurisdictions have been and may be subject to significant change. The future effective tax rate could be effected by changes in mix of earnings in countries with differing statutory tax rates, changes in valuation of deferred tax asset and liabilities, or changes in tax laws or their interpretation which includes recently enacted U.S. tax reform and contemplated changes in other countries of long- standing tax principles if finalized and adopted could have a material impact on our income tax expense and deferred tax balances.

We are also subject to regular reviews, examinations and audits by the Internal Revenue Service and other taxing authorities with respect to taxes inside and outside of the U.S. Although we believe our tax estimates are reasonable, if a taxing authority disagrees with the positions we have taken, we could face additional tax liability, including interest and penalties. There can be no assurance that payment of such additional amounts upon final adjudication of any disputes will not have a material impact on our results of operations and financial position.

The cash we generate outside the U.S. is principally to be used to fund our international development. If the funds generated by our U.S. business are not sufficient to meet our need for cash in the U.S., we may need to repatriate a portion of our future international earnings to the U.S. Such international earnings would be subject to U.S. tax which could cause our worldwide effective tax rate to increase.

We also need to comply with new, evolving or revised tax laws and regulations. The enactment of or increases in tariffs, including value added tax, or other changes in the application of existing taxes, in markets in which we are currently active, or may be active in the future, or on specific products that we sell or with which our products compete, may have an adverse effect on our business or on our results of operations.

If our food products become adulterated, misbranded or mislabeled, we might need to recall those items and may experience product liability if consumers are injured as a result.

Selling food products involves a number of legal and other risks, including product contamination, spoilage, product tampering, allergens, or other adulteration. We may need to recall some of our products if they become adulterated or misbranded. We may also be liable if the consumption of any of our products causes injury, illness or death. A widespread product recall or market withdrawal could result in significant losses due to their costs, the destruction of product inventory, and lost sales due to the unavailability of product for a period of time. We could also suffer losses from a significant product liability judgment against us. A significant product recall or product liability case could also result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our food products, which could have a material adverse effect on our business results and the value of our brands. Moreover, even if a product liability or consumer fraud claim is meritless, does not prevail or is not pursued, the negative publicity surrounding assertions against our company and our products or processes could adversely affect our reputation or brands.

We could also be adversely affected if consumers lose confidence in the safety and quality of certain food products or ingredients, or the food safety system generally. If another company recalls or experiences negative publicity related to a product in a category in which we compete, consumers might reduce their overall consumption of products in this category. Adverse publicity about these types of concerns, whether or not valid, may discourage consumers from buying our products or cause production and delivery disruptions.

Unanticipated business disruptions could have an adverse effect on our business, financial condition and results of operations.

We manufacture and source products and materials on a global scale. We have a complex network of suppliers, owned manufacturing locations, contract manufacturer locations, distribution networks and information systems that support our ability to provide our products to our customers consistently. Our ability to make, move and sell products globally is critical to our success. Factors that are hard to predict or beyond our control, such as product or raw material scarcity, weather (including any potential effects of climate change), natural disasters, fires or explosions, terrorism, political unrest, health pandemics or strikes, could damage or disrupt our operations or our suppliers' or contract manufacturers' operations. If we do not effectively respond to disruptions in our operations, for example, by finding alternative suppliers or replacing capacity at key manufacturing or distribution locations, or cannot quickly repair damage to our information, production or supply systems, we may be late in delivering or unable to deliver products to our customers. If that occurs, we may lose our customers' confidence, and long- term consumer demand for our products could decline. These events could adversely affect our business, financial condition and results of operations.

Evolving tax, environmental, food quality and safety or other regulations or failure to comply with existing licensing, labeling, trade, food quality and safety and other regulations and laws could have a material adverse effect on our consolidated financial condition.

Our activities or products, both in and outside of the United States, are subject to regulation by various federal, state, provincial and local laws, regulations and government agencies, including the U.S. Food and Drug Administration, U.S. Federal Trade Commission, the U.S. Departments of Agriculture, Commerce and Labor, as well as similar and other authorities outside of the United States, International Accords and Treaties and others, including voluntary regulation by other bodies. In addition, legal and regulatory systems in emerging and developing markets may be less developed, and less certain. These laws and regulations and interpretations thereof may change, sometimes dramatically, as a result of a variety of factors, including political, economic or social events. In addition, the enforcement of remedies in certain foreign jurisdictions may be less certain, resulting in varying abilities to enforce intellectual property and contractual rights.

The manufacturing, marketing and distribution of food products are subject to governmental regulation that impose additional regulatory requirements. Those regulations control such matters as food quality and safety, ingredients, advertising, product or production requirements, labeling, import or export of our products or ingredients, relations with distributors and retailers, health and safety, the environment, and restrictions on the use of government programs, such as Supplemental Nutritional Assistance Program, to purchase certain of our products.

The marketing of food products has come under increased regulatory scrutiny in recent years, and the food industry has been subject to an increasing number of proceedings and claims relating to alleged false or deceptive marketing under federal, state and foreign laws or regulations. We are also regulated with respect to matters such as licensing requirements, trade and pricing practices, tax, anticorruption standards, advertising and claims, and environmental matters. The need to comply with new, evolving or revised tax, environmental, food quality and safety, labeling or other laws or regulations, or new, evolving or changed interpretations or enforcement of existing laws or regulations, may have a material adverse effect on our business and results of operations. Governmental and administrative bodies within the U.S. are considering a variety of trade and other regulatory forms. Changes in legal or regulatory requirements (such as new food safety requirements and revised nutrition facts labeling and serving size regulations), or evolving interpretations of existing legal or regulatory requirements, may result in increased compliance costs, capital expenditures and other financial obligations that could adversely affect our business or financial results. If we are found to be out of compliance with applicable laws and regulations in these areas, we could be subject to civil remedies, including fines, injunctions, termination of necessary licenses or permits, or recalls, as well as potential criminal sanctions, any of which could have a material adverse effect on our business. Even if regulatory review does not result in these types of determinations, it could potentially create negative publicity or perceptions which could harm our business or reputation. Further, modifications to international trade policy, including changes to or repeal of the North American Free Trade Agreement or the imposition of increased or new tariffs, quotas or trade barriers on key commodities, could have a negative impact on us or the industries we serve, including as a result of related uncertainty, and could materially and adversely impact our business, financial condition, results of operations and cash flows.

Our operations face significant foreign currency exchange rate exposure and currency restrictions which could negatively impact our operating results.

We hold assets and incur liabilities, earn revenue and pay expenses in a variety of currencies other than the U.S. dollar, including the euro, British pound, Australian dollar, Canadian dollar, Mexican peso, Brazilian Real, Nigerian Naira, and Russian ruble. Because our consolidated financial statements are presented in U.S. dollars, we must translate our assets, liabilities, revenue and expenses into U.S. dollars at then- applicable exchange rates and face exposure to adverse movements in foreign currency exchange rates. For example, the announcement of Brexit has caused, and may continue to cause, significant volatility in currency exchange rate fluctuations. Consequently, changes in the value of the U.S. dollar may unpredictably and negatively affect the value of these items in our consolidated financial statements, even if their value has not changed in their original currency.

If we pursue strategic acquisitions, alliances, divestitures or joint ventures, we may not be able to successfully consummate favorable transactions or successfully integrate acquired businesses.

From time to time, we may evaluate potential acquisitions, alliances, divestitures or joint ventures that would further our strategic objectives. With respect to acquisitions, we may not be able to identify suitable candidates, consummate a transaction on terms that are favorable to us, or achieve expected returns, expected synergies and other benefits as a result of integration challenges, or may not achieve those objectives on a timely basis. Future acquisitions of foreign companies or new foreign ventures would subject us to local regulations and could potentially lead to risks related to, among other things, increased exposure to foreign exchange rate changes, government price control, repatriation of profits and liabilities relating to the U.S. Foreign Corrupt Practices Act.

With respect to proposed divestitures of assets or businesses, we may encounter difficulty in finding acquirers or alternative exit strategies on terms that are favorable to us, which could delay the accomplishment of our strategic objectives, or our divestiture activities may require us to recognize impairment charges. Companies or operations acquired or joint ventures created may not be profitable or may not achieve sales levels and profitability that justify the investments made. Our corporate development activities may present financial and operational risks, including diversion of management attention from existing core businesses, integrating or separating personnel and financial and other systems, and adverse effects on existing business relationships with suppliers and customers. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to certain intangible assets and increased operating expenses, which could adversely affect our results of operations and financial condition.

Potential liabilities and costs from litigation could adversely affect our business.

There is no guarantee that we will be successful in defending our self in civil, criminal or regulatory actions, including under general, commercial, employment, environmental, food quality and safety, anti- trust and trade, advertising and claims, and environmental laws and regulations, or in asserting our rights under various laws. For example, our marketing or claims could face allegations of false or deceptive advertising or other criticisms which could end up in litigation and result in potential liabilities or costs. In addition, we could incur substantial costs and fees in defending our self or in asserting our rights in these actions or meeting new legal requirements. The costs and other effects of potential and pending litigation and administrative actions against us, and new legal requirements, cannot be determined with certainty and may differ from expectations.

Our consolidated financial results and demand for our products are dependent on the successful development of new products and processes.

There are a number of trends in consumer preferences which may impact us and the industry as a whole. These include changing consumer dietary trends and the availability of substitute products.

Our success is dependent on anticipating changes in consumer preferences and on successful new product and process development and product relaunches in response to such changes. Trends within the food industry change often, and failure to identify and react to changes in these trends could lead to, among other things, reduced loyalty demand and price reductions for our brands and products. We aim to introduce products or new or improved production processes on a timely basis in order to counteract obsolescence and decreases in sales of existing products. While we devote significant focus to the development of new products and to the research, development and technology process functions of our business, we may not be successful in developing new products or our new products may not be commercially successful. In addition, if sales generated by new products cause a decline in sales of the Company's existing products, the Company's financial condition and results of operations could be materially adversely affected. Our future results and our ability to maintain or improve our competitive position will depend on our capacity to gauge the direction of our key markets and upon our ability to successfully identify, develop, manufacture, market and sell new or improved products in these changing markets.

Our postretirement benefit- related costs and funding requirements could increase as a result of volatility in the financial markets, changes in interest rates and actuarial assumptions.

Increases in the costs of postretirement medical and pension benefits may continue and negatively affect our business as a result of increased usage of medical benefits by retired employees and medical cost inflation, the effect of potential declines in the stock and bond markets on the performance of our pension and post- retirement plan assets, potential reductions in the discount rate used to determine the present value of our benefit obligations, and changes to our investment strategy that may impact our expected return on pension and post- retirement plan assets assumptions. U.S. generally accepted accounting principles require that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. The Company's accounting policy for defined benefit plans may subject earnings to volatility due to the recognition of actuarial gains and losses, particularly those due to the change in the fair value of pension and post- retirement plan assets and interest rates. In addition, funding requirements for our plans may become more significant. However, the ultimate amounts to be contributed are dependent upon, among other things, interest rates, underlying asset returns, and the impact of legislative or regulatory changes related to pension and post- retirement funding obligations.

We use available borrowings under the credit facilities and other available debt financing for cash to operate our business, which subjects us to market and counter- party risk, some of which is beyond our control.

In addition to cash we generate from our business, our principal existing sources of cash are borrowings available under our credit facilities and other available debt financing. If our access to such financing was unavailable or reduced, or if such financing were to become significantly more expensive for any reason, we may not be able to fund daily operations, which would cause material harm to our business or could affect our ability to operate our business as a going concern. In addition, if certain of our lenders experience difficulties that render them unable to fund future draws on the facilities, we may not be able to access all or a portion of these funds, which could have similar adverse consequences.

We have a substantial amount of indebtedness.

We have indebtedness that is substantial in relation to our shareholders' equity, and we may incur additional indebtedness in the future, or enter into off- balance sheet financing, which would increase our leverage risks. As of December 30, 2017, we had total debt of approximately $8.6 billion and total Kellogg Company equity of $2.2 billion.

Our substantial indebtedness could have important consequences, including:

- impairing the ability to access global capital markets to obtain additional financing for working capital, capital expenditures or general corporate purposes, particularly if the ratings assigned to our debt securities by rating organizations were revised downward or if a rating organization announces that our ratings are under review for a potential downgrade;
- a downgrade in our credit ratings, particularly our short- term credit rating, would likely reduce the amount of commercial paper we could issue, increase our commercial paper borrowing costs, or both;
- restricting our flexibility in responding to changing market conditions or making us more vulnerable in the event of a general downturn in economic conditions or our business;
- requiring a substantial portion of the cash flow from operations to be dedicated to the payment of principal and interest on our debt, reducing the funds available to us for other purposes such as expansion through acquisitions, paying dividends, repurchasing shares, marketing and other spending and expansion of our product offerings; and
- causing us to be more leveraged than some of our competitors, which may place us at a competitive disadvantage.

Our ability to make scheduled payments or to refinance our obligations with respect to indebtedness or incur new indebtedness will depend on our financial and operating performance, which in turn, is subject to prevailing economic conditions, the availability of, and interest rates on, short- term financing, and financial, business and other factors beyond our control.

Our performance is affected by general economic and political conditions and taxation policies.

Customer and consumer demand for our products may be impacted by recession, financial and credit market disruptions, or other economic downturns in the United States or other nations. Our results in the past have been, and in the future may continue to be, materially affected by changes in general economic and political conditions in the United States and other countries, including the interest rate environment in which we conduct business, the financial markets through which we access capital and currency, political unrest and terrorist acts in the United States or other countries in which we carry on business.

Current economic conditions globally may delay or reduce purchases by our customers and consumers. This could result in reductions in sales of our products, reduced acceptance of innovations, and increased price competition. Deterioration in economic conditions in any of the countries in which we do business could also cause slower collections on accounts receivable which may adversely impact our liquidity and financial condition. Financial institutions may be negatively impacted by economic conditions and may consolidate or cease to do business which could result in a tightening in the credit markets, a low level of liquidity in many financial markets, and increased volatility in fixed income, credit, currency and equity markets. There could be a number of effects from a financial institution credit crisis on our business, which could include impaired credit availability and financial stability of our customers, including our suppliers, co- manufacturers and distributors. A disruption in financial markets may also have an effect on our derivative counterparties and could also impair our banking partners on which we rely for operating cash management. Any of these events would likely harm our business, results of operations and financial condition.

We may not be able to attract and retain the highly skilled people we need to support our business

We depend on the skills and continued service of key personnel, including our experienced management team. In addition, our ability to achieve our strategic and operating goals depends on our ability to identify, recruit, hire, train and retain qualified individuals. We compete with other companies both within and outside of our industry for talented personnel, and we may lose key personnel or fail to attract, recruit, train and retain other talented personnel. Any such loss or failure may adversely affect our business or financial results. In addition, activities related to identifying, recruiting, hiring and integrating qualified individuals may require significant time and expense. We may not be able to locate suitable replacements for any key employees who leave, or offer employment to potential replacements on reasonable terms, each of which may adversely affect our business and financial results

An impairment of the carrying value of goodwill or other acquired intangibles could negatively affect our consolidated operating results and net worth.

The carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of other intangibles represents the fair value of trademarks, trade names, and other acquired intangibles as of the acquisition date. Goodwill and other acquired intangibles expected to contribute indefinitely to our cash flows are not amortized, but must be evaluated by management at least annually for impairment. If carrying value exceeds current fair value, the intangible is considered impaired and is reduced to fair value via a charge to earnings. Factors which could result in an impairment include, but are not limited to: (i) reduced demand for our products; (ii) higher commodity prices; (iii) lower prices for our products or increased marketing as a result of increased competition; and (iv) significant disruptions to our operations as a result of both internal and external events. Should the value of one or more of the acquired intangibles become impaired, our consolidated earnings and net worth may be materially adversely affected.

As of December 30, 2017, the carrying value of intangible assets totaled approximately $8.1 billion, of which $5.5 billion was goodwill and $2.6 billion represented trademarks, tradenames, and other acquired intangibles compared to total assets of $16.4 billion and total Kellogg Company equity of $2.2 billion.

Competition against retailer brands could negatively impact our business.

In nearly all of our product categories, we face branded and price- based competition. Our products must provide higher value and/or quality to our consumers than alternatives, particularly during periods of economic uncertainty. Consumers may not buy our products if relative differences in value and/or quality between our products and retailer brands change in favor of competitors' products or if consumers perceive this type of change. If consumers prefer retailer brands, then we could lose category share or sales volumes or shift our product mix to lower margin offerings, which could have a material effect on our business and consolidated financial position and on the consolidated results of our operations and profitability.

We may not achieve our targeted cost savings and efficiencies from cost reduction initiatives.

Our success depends in part on our ability to be an efficient producer in a highly competitive industry. We have invested a significant amount in capital expenditures to improve our operational facilities. Ongoing operational issues are likely to occur when carrying out major production, procurement, or logistical changes and these, as well as any failure by us to achieve our planned cost savings and efficiencies, could have a material adverse effect on our business and consolidated financial position and on the consolidated results of our operations and profitability.

Technology failures could disrupt our operations and negatively impact our business.

We increasingly rely on information technology systems to process, transmit, and store electronic information. For example, our production and distribution facilities and inventory management utilize information technology to increase efficiencies and limit costs. Information technology systems are also integral to the reporting of our results of operations. Furthermore, a significant portion of the communications between, and storage of personal data of, our personnel, customers, consumers and suppliers depends on information technology. Our information technology systems, and the systems of the parties we communicate and collaborate with, may be vulnerable to a variety of interruptions, as a result of updating our enterprise platform or due to events beyond our or their control, including, but not limited to, network or hardware failures, malicious or disruptive software, unintentional or malicious actions of employees or contractors, cyberattacks by common hackers, criminal groups or nation- state organizations or social- activist (hacktivist) organizations, geopolitical events, natural disasters, failures or impairments of telecommunications networks, or other catastrophic events. Moreover, our computer systems have been, and will likely continue to be subjected to computer viruses, malware, ransonware or other malicious codes, unauthorized access attempts, and cyber- or phishing- attacks. Cyber threats are constantly evolving and this increases the difficulty of detecting and successfully defending against them. These events could compromise our confidential information, impede or interrupt our business operations, and may result in other negative consequences, including remediation costs, loss of revenue, litigation and reputational damage. Furthermore, if a breach or other breakdown results in disclosure of confidential or personal information, we may suffer reputational, competitive and/or business harm. To date, we have not experienced a material breach of cyber security. While we have implemented administrative and technical controls and taken other preventive actions to reduce the risk of cyber incidents and protect our information technology, they may be insufficient to prevent physical and electronic break- ins, cyber- attacks or other security breaches to our computer systems.

The Company offers promotions, rebates, customer loyalty and other programs through which it may receive personal information, and it or its vendors could experience cyber- attacks, privacy breaches, data breaches or other incidents that result in unauthorized disclosure of consumer, customer, employee or Company information. If the Company suffers a loss as a result of a breach or other breakdown in its technology, including such cyber- attack, privacy breaches, data breaches or other incident involving one of the Company's vendors, that result in unauthorized disclosure or significant unavailability of business, financial, personal or stakeholder information, the Company may suffer reputational, competitive and/or business harm and may be exposed to legal liability, which may adversely affect the Company's results of operations and/or financial condition. The misuse, leakage or falsification of information could result in violations of data privacy laws, the Company may become subject to legal action and increased regulatory oversight. The Company could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems. In addition, if the Company's suppliers or customers experience such a breach or unauthorized disclosure or system failure, their businesses could be disrupted or otherwise negatively affected, which may result in a disruption in the Company's supply chain or reduced customer orders, which would adversely affect the Company's business operations.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brands.

We consider our intellectual property rights, particularly and most notably our trademarks, but also including patents, trade secrets, copyrights and licensing agreements, to be a significant and valuable aspect of our business. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements, third party nondisclosure and assignment agreements and policing of third party misuses of our intellectual property. Our failure to obtain or adequately protect our trademarks, products, new features of our products, or our technology, or any change in law or other changes that serve to lessen or remove the current legal protections of our intellectual property, may diminish our competitiveness and could materially harm our business.

We may be unaware of intellectual property rights of others that may cover some of our technology, brands or products. In addition, if, in the course of developing new products or improving the quality of existing products, we are found to have infringed the intellectual property rights of others, directly or indirectly, such finding could have an adverse impact on our business, financial condition or results of operations and may limit our ability to introduce new products or improve the quality of existing products. Any litigation regarding patents or other intellectual property could be costly and time- consuming and could divert the attention of our management and key personnel from our business operations. Third party claims of intellectual property infringement might also require us to enter into costly license agreements. We also may be subject to significant damages or injunctions against development and sale of certain products.

We are subject to risks generally associated with companies that operate globally.

We are a global company and generated 37% of our 2017 net sales, 35% of 2016 and 37% of our 2015 net sales outside the United States. We manufacture our products in 21 countries and have operations in more than 180 countries, so we are subject to risks inherent in multinational operations. Those risks include:

- compliance with U.S. laws affecting operations outside of the United States, such as OFAC trade sanction regulations and Anti-Boycott regulations,
- compliance with anti- corruption laws, including U.S. Foreign Corrupt Practices Act (FCPA) and U.K. Bribery Act (UKBA),
- compliance with antitrust and competition laws, data privacy laws, and a variety of other local, national and multi- national regulations and laws in multiple regimes,
- changes in tax laws, interpretation of tax laws and tax audit outcomes,
- fluctuations or devaluations in currency values, especially in emerging markets,
- changes in capital controls, including currency exchange controls, government currency policies or other limits on our ability to import raw materials or finished product or repatriate cash from outside the United States,
- changes in local regulations and laws, the uncertainty of enforcement of remedies in foreign jurisdictions, and foreign ownership restrictions and the potential for nationalization or expropriation of property or other resources;
- discriminatory or conflicting fiscal policies,
- increased sovereign risk, such as default by or deterioration in the economies and credit worthiness of local governments,
- varying abilities to enforce intellectual property and contractual rights,
- greater risk of uncollectible accounts and longer collection cycles,
- loss of ability to manage our operations in certain markets which could result in the deconsolidation of such businesses,
- design and implementation of effective control environment processes across our diverse operations and employee base,
- imposition of more or new tariffs, quotas, trade barriers, and similar restrictions on our sales or regulations, taxes or policies that might negatively affect our sales, and
- changes in trade policies and trade relations.

Please refer to Note 16 for more information regarding our operations in Venezuela, including the impact on our operations from currency restrictions and our decision to deconsolidate our Venezuelan operations effective December 31, 2016.

In addition, political and economic changes or volatility, geopolitical regional conflicts, terrorist activity, political unrest, civil strife, acts of war, public corruption, expropriation and other economic or political uncertainties could interrupt and negatively affect our business operations or customer demand. The slowdown in economic growth or high unemployment in some emerging markets could constrain consumer spending, and declining consumer purchasing power could adversely impact our profitability. Continued instability in the banking and governmental sectors of certain countries in the European Union or the dynamics associated with the federal and state debt and budget challenges in the United States could adversely affect us. All of these factors could result in increased costs or decreased revenues, and could materially and adversely affect our product sales, financial condition and results of operations.

There may be uncertainty as a result of key global events during 2018. For example, the continuing uncertainty arising from the Brexit referendum in the United Kingdom as well as ongoing terrorist activity, may adversely impact global stock markets (including The New York Stock Exchange on which our common shares are traded) and general global economic conditions. All of these factors are outside of our control, but may nonetheless cause us to adjust our strategy in order to compete effectively in global markets.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. In February 2017, the British Parliament voted in favor of allowing the British government to begin negotiating the terms of the United Kingdom's withdrawal from the European Union, and, in March 2017, the British government invoked Article 50 of the Treaty on European Union, which, per the terms of the treaty, formally triggered a two- year negotiation process and puts the United Kingdom on a course to withdraw from the European Union by the end of March 2019. The terms of withdrawal have not been established and the United Kingdom will remain a member of the European Union until conclusion of the withdrawal agreement. If no agreement is concluded within two years of formal notification of withdrawal, however, then the United Kingdom may leave the European Union at such time. Accordingly, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal.

The economic conditions and outlook in the United Kingdom, the European Union and elsewhere could be further adversely affected by (i) the uncertainty concerning the timing and terms of the exit, (ii) new or modified trading arrangements between the United Kingdom and other countries, (iii) the risk that one or more other European Union countries could come under increasing pressure to leave the European Union, or (iv) the risk that the euro as the single currency of the Eurozone could cease to exist. Any of these developments, or the perception that any of these developments are likely to occur, could affect economic growth or business activity in the United Kingdom or the European Union, and could result in the relocation of businesses, cause business interruptions, lead to economic recession or depression, and impact the stability of the financial markets, availability of credit, currency exchange rates, interest rates, financial institutions, and political, financial and monetary systems. Any of these developments, or the perception that any of them could occur, could depress economic activity and restrict our access to capital, which could materially and adversely affect our product sales, financial condition and results of operations.

Our operations in certain emerging markets expose us to political, economic and regulatory risks.

Our growth strategy depends in part on our ability to expand our operations in emerging markets. However, some emerging markets have greater political, economic and currency volatility and greater vulnerability to infrastructure and labor disruptions than more established markets. In many countries outside of the United States, particularly those with emerging economies, it may be common for others to engage in business practices prohibited by laws and regulations with extraterritorial reach, such as the FCPA and the UKBA, or local anti- bribery laws. These laws generally prohibit companies and their employees, contractors or agents from making improper payments to government officials, including in connection with obtaining permits or engaging in other actions necessary to do business. Failure to comply with these laws could subject us to civil and criminal penalties that could materially and adversely affect our reputation, financial condition and results of operations.

In addition, competition in emerging markets is increasing as our competitors grow their global operations and low cost local manufacturers expand and improve their production capacities. Our success in emerging markets is critical to our growth strategy. If we cannot successfully increase our business in emerging markets and manage associated political, economic and regulatory risks, our product sales, financial condition and results of operations could be materially and adversely affected.

Adverse changes in the global climate or extreme weather conditions could adversely affect our business or operations

Climate change is a core business issue for Kellogg to ensure the long- term health and viability of the ingredients we use in our products. As set forth in the Intergovernmental Panel on Climate Change Fifth Assessment Report, there is continuing scientific evidence, as well as concern from members of the general public, that emissions of greenhouse gases and contributing human activities have caused and will continue to cause significant changes in global temperatures and weather patterns and increase the frequency or severity of weather events, wildfires and flooding. As the pressures from climate change and global population growth lead to increased demand, the food system and global supply chain is becoming increasingly vulnerable to acute shocks, leading to increased prices and volatility, especially in the energy and commodity markets. Adverse changes such as these could:

- unfavorably impact the cost or availability of raw or packaging materials, especially if such events have a negative impact on agricultural productivity or on the supply of water;
- disrupt our ability, or the ability of our suppliers or contract manufacturers, to manufacture or distribute our products;
- disrupt the retail operations of our customers; or
- unfavorably impact the demand for, or the consumer's ability to purchase, our products.

Foreign, federal, state and local regulatory and legislative bodies have proposed various legislative and regulatory measures relating to climate change, regulating greenhouse gas emissions and energy policies. In the event that such regulation is enacted, we may experience significant increases in our costs of operation and delivery. In particular, increasing regulation of fuel emissions could substantially increase the distribution and supply chain costs associated with our products. Lastly, consumers and customers may put an increased priority on purchasing products that are sustainably grown and made, requiring us to incur increased costs for additional transparency, due diligence and reporting. As a result, climate change could negatively affect our business and operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters and principal research and development facilities are located in Battle Creek, Michigan.

We operated, as of February 20, 2018, offices, manufacturing plants and distribution and warehousing facilities totaling more than 39 million square feet of building area in the United States and other countries. Our plants have been designed and constructed to meet our specific production requirements, and we periodically invest money for capital and technological improvements. At the time of its selection, each location was considered to be favorable, based on the location of markets, sources of raw materials, availability of suitable labor, transportation facilities, location of our other plants producing similar products, and other factors. Our manufacturing facilities in the United States include four cereal plants and warehouses located in Battle Creek, Michigan; Lancaster, Pennsylvania; Memphis, Tennessee; and Omaha, Nebraska and other plants or facilities in San Jose, California; Atlanta, Augusta, and Rome, Georgia; Chicago, Illinois; Seelyville, Indiana; Kansas City, Kansas; Florence, Louisville and Pikeville, Kentucky; Grand Rapids and Wyoming, Michigan; Blue Anchor, New Jersey; Cary, North Carolina; Cincinnati and Zanesville, Ohio; Muncy, Pennsylvania; Jackson and Rossville, Tennessee; and Allyn, Washington.

Outside the United States, we had, as of February 20, 2018, additional manufacturing locations, some with warehousing facilities, in Australia, Austria, Belgium, Brazil, Canada, Colombia, Ecuador, Egypt, Germany, Great Britain, India, Japan, Malaysia, Mexico, Poland, Russia, South Africa, South Korea, Spain, Thailand, and Venezuela. We also have joint ventures in China, Nigeria, Ghana and Turkey which own or operate manufacturing or warehouse facilities.

We generally own our principal properties, including our major office facilities, although some manufacturing facilities are leased, and no owned property is subject to any major lien or other encumbrance. Distribution facilities (including related warehousing facilities) and offices of non- plant locations typically are leased. In general, we consider our facilities, taken as a whole, to be suitable, adequate, and of sufficient capacity for our current operations.

ITEM 3. LEGAL PROCEEDINGS

We are subject to various legal proceedings, claims, and governmental inspections, audits or investigations arising out of our business which cover matters such as general commercial, governmental regulations, antitrust and trade regulations, product liability, environmental, intellectual property, employment and other actions. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on our financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Information on the market for our common stock, number of shareowners and dividends is located in Note 17 within Notes to Consolidated Financial Statements.

In December 2015, the board of directors approved a new authorization to repurchase of up to $1.5 billion of our common stock beginning in 2016 through December 2017. In December 2017, a new authorization by the board of directors approved the repurchase of up to $1.5 billion of our common stock beginning in January 2018 through December 2019.

The following table provides information with respect to purchases of common shares under programs authorized by our board of directors during the quarter ended December 30, 2017.

(millions, except per share data)

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Month #1: 10/01/17- 10/28/17	—	—	—	$ 558
Month #2: 10/29/17- 11/25/17	—	—	—	$ 558
Month #3: 11/26/17- 12/30/17	—	—	—	$ 558

ITEM 6. SELECTED FINANCIAL DATA
Kellogg Company and Subsidiaries

Selected Financial Data

(millions, except per share data and number of employees)	**2017**	2016	2015	2014	2013
Operating trends					
Net sales	**$ 12,923**	$ 13,014	$ 13,525	$ 14,580	$ 14,792
Gross profit as a % of net sales	**38.9%**	36.5%	34.6%	34.7%	41.3%
Depreciation	**469**	510	526	494	523
Amortization	**12**	7	8	9	9
Advertising expense (a)	**731**	735	898	1,094	1,131
Research and development expense (a)	**148**	182	193	199	199
Operating profit	**1,946**	1,395	1,091	1,024	2,837
Operating profit as a % of net sales	**15.1%**	10.7%	8.1%	7.0%	19.2%
Interest expense	**256**	406	227	209	235
Net income attributable to Kellogg Company	**1,269**	694	614	632	1,807
Average shares outstanding:					
Basic	**348**	350	354	358	363
Diluted	**350**	354	356	360	365
Per share amounts:					
Basic	**3.65**	1.98	1.74	1.76	4.98
Diluted	**3.62**	1.96	1.72	1.75	4.94
Cash flow trends					
Net cash provided by operating activities	**$ 1,646**	$ 1,628	$ 1,691	$ 1,793	$ 1,807
Capital expenditures	**501**	507	553	582	637
Net cash provided by operating activities reduced by capital expenditures (b)	**1,145**	1,121	1,138	1,211	1,170
Net cash used in investing activities	**(1,094)**	(893)	(1,127)	(573)	(641)
Net cash used in financing activities	**(604)**	(642)	(706)	(1,063)	(1,141)
Interest coverage ratio (c)	**9.5**	**4.6**	**6.8**	**7.3**	**14.3**
Capital structure trends					
Total assets	**$ 16,350**	$ 15,111	$ 15,251	$ 15,139	$ 15,456
Property, net	**3,716**	3,569	3,621	3,769	3,856
Short- term debt and current maturities of long- term debt	**779**	1,069	2,470	1,435	1,028
Long- term debt	**7,836**	6,698	5,275	5,921	6,312
Total Kellogg Company equity	**2,212**	1,910	2,128	2,789	3,545
Share price trends					
Stock price range	**$59- 76**	$70- 87	$61- 74	$57- 69	$55- 68
Cash dividends per common share	**2.12**	2.04	1.98	1.90	1.80
Number of employees	**33,000**	37,000	34,000	30,000	30,000

(a) Advertising declined in both 2016 and 2015 as a result of foreign currency translation, implementation of efficiency and effectiveness programs including zero- based budgeting, the change in media landscape migrating investment to digital, and shifting investment to food innovation and renovation. Research and development declined due to changes intended to create a more efficient organizational design. We remain committed to invest in our brands at an industry- leading level to maintain the strength of our many recognizable brands in the marketplace.

(b) We use this non- GAAP financial measure, which is reconciled above, to focus management and investors on the amount of cash available for debt repayment, dividend distribution, acquisition opportunities, and share repurchase.

(c) Interest coverage ratio is calculated based on net income attributable to Kellogg Company before interest expense, income taxes, depreciation and amortization, divided by interest expense.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Kellogg Company and Subsidiaries

RESULTS OF OPERATIONS

Business overview

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand Kellogg Company, our operations and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying notes thereto contained in Item 8 of this report.

For more than 100 years, consumers have counted on Kellogg for great- tasting, high- quality and nutritious foods. These foods include snacks, such as cookies, crackers, savory snacks, toaster pastries, cereal bars and bites, fruit- flavored snacks; and convenience foods, such as, ready- to- eat cereals, frozen waffles and veggie foods.
Kellogg products are manufactured and marketed globally.

Segments

We manage our operations through ten operating segments that are based on product category or geographic location. These operating segments are evaluated for similarity with regards to economic characteristics, products, production processes, types or classes of customers, distribution methods and regulatory environments to determine if they can be aggregated into reportable segments. We report results of operations in the following reportable segments: U.S. Morning Foods; U.S. Snacks; U.S. Specialty; North America Other; Europe; Latin America; and Asia Pacific. The reportable segments are discussed in greater detail in Note 18 within Notes to Consolidated Financial Statements.

Operating Margin Expansion Through 2018

In 2016, we announced a plan to increase our currency- neutral comparable operating margin by 350 basis points from 2015 through 2018, excluding the impact of pending accounting changes beginning in the first quarter of 2018. In 2017, currency- neutral comparable operating margin increased 160 basis points as a result of COGS and SG&A savings realized from Project K and ZBB initiatives. Currency- neutral comparable operating margin was 16.9% for the full year 2017, which is 250 basis points higher than the level recorded for 2015.

During 2018, we expect to realize more than half of the remaining Project K savings, including savings from our DSD exit, and all remaining planned ZBB savings. These savings are expected to more than offset increased reinvestment in brand building, modest input cost inflation and higher transportation costs. As a result, we are currently on pace to deliver our targeted 3- year goal of margin expansion in 2018, excluding the impact of accounting changes.

Non- GAAP Financial Measures

This filing includes non- GAAP financial measures that we provide to management and investors that exclude certain items that we do not consider part of on- going operations. Items excluded from our non- GAAP financial measures are discussed in the "Significant items impacting comparability" section of this filing. Our management team consistently utilizes a combination of GAAP and non- GAAP financial measures to evaluate business results, to make decisions regarding the future direction of our business, and for resource allocation decisions, including incentive compensation. As a result, we believe the presentation of both GAAP and non- GAAP financial measures provides investors with increased transparency into financial measures used by our management team and improves investors’ understanding of our underlying operating performance and in their analysis of ongoing operating trends. All historic non- GAAP financial measures have been reconciled with the most directly comparable GAAP financial measures.

2017, 2016, and 2015 Non- GAAP Financial Measures

Non- GAAP financial measures used for evaluation of 2017, 2016 and 2015 performance include comparable net sales, comparable gross margin, comparable SGA, comparable operating profit, comparable operating profit margin, comparable effective tax rate, comparable net income attributable to Kellogg Company, comparable diluted EPS, and cash flow. These non- GAAP financial measures are also evaluated for year- over- year growth and on a currency- neutral basis to evaluate the underlying growth of the business and to exclude the effect of foreign currency. 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. These non- GAAP financial measures may not be comparable to similar measures used by other companies.

- Comparable net sales: We adjust the GAAP financial measures to exclude the pre- tax effect of acquisitions, divestitures, shipping day differences, and impacts of the Venezuela deconsolidation . We excluded the items which we believe may obscure trends in our underlying net sales performance. By providing this non- GAAP net sales measure, management intends to provide investors with a meaningful, consistent comparison of net sales performance for the Company and each of our reportable segments for the periods presented. Management uses this non- GAAP measure to evaluate the effectiveness of initiatives behind net sales growth, pricing realization, and the impact of mix on our business results. This non- GAAP measure is also used to make decisions regarding the future direction of our business, and for resource allocation decisions. Currency- neutral comparable net sales represents comparable net sales excluding the impact of foreign currency.

- Comparable gross profit, comparable gross margin, comparable SGA, comparable SGA%, comparable operating profit, comparable operating profit margin, comparable net income attributable to Kellogg Company, and comparable diluted EPS: We adjust the GAAP financial measures to exclude the effect of Project K and cost reduction activities, acquisitions, divestitures, integration costs, mark- to- market adjustments for pension plans, commodities and certain foreign currency contracts, shipping day differences, impacts of the Venezuela remeasurement and deconsolidation, costs associated with the VIE deconsolidation, and costs associated with the early redemption of debt outstanding. We excluded the items which we believe may obscure trends in our underlying profitability. The impact of acquisitions and divestitures are not excluded from comparable diluted EPS. By providing these non- GAAP profitability measures, management intends to provide investors with a meaningful, consistent comparison of the Company's profitability measures for the periods presented. Management uses these non- GAAP financial measures to evaluate the effectiveness of initiatives intended to improve profitability, such as Project K, ZBB and Revenue Growth Management, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives within each of our segments. Currency- neutral comparable represents comparable excluding foreign currency impact.

- Comparable effective tax rate: We adjust the GAAP financial measure to exclude tax effect of Project K and cost reduction activities, integration costs, mark- to- market adjustments for pension plans, commodities and certain foreign currency contracts, shipping day differences, impacts of the Venezuela remeasurement and deconsolidation, costs associated with the VIE deconsolidation, and costs associated with the early redemption of debt outstanding. In addition, we have excluded the impact of adopting U.S. Tax Reform. We excluded the items which we believe may obscure trends in our underlying tax rate. By providing this non- GAAP measure, management intends to provide investors with a meaningful, consistent comparison of the Company's effective tax rate for the periods presented. Management uses this non- GAAP measure to monitor the effectiveness of initiatives in place to optimize our global tax rate.

- Cash flow: Defined as net cash provided by operating activities reduced by expenditures for property additions. Cash flow does not represent the residual cash flow available for discretionary expenditures. We use this non- GAAP financial measure of cash flow to focus management and investors on the amount of cash available for debt repayment, dividend distributions, acquisition opportunities, and share repurchases once all of the Company’s business needs and obligations are met. Additionally, certain performance- based compensation includes a component of this non- GAAP measure.

These measures have not been calculated in accordance with GAAP and should not be viewed as a substitute for GAAP reporting measures.

Significant items impacting comparability

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

We recognized 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 total pre- tax mark- to- market benefit of $45 million for 2017 and pre- tax mark- to- market charges of $261 million and $446 million for 2016, and 2015, respectively. Within this total, the pre- tax mark- to- market benefit for pension plans was $86 million for 2017 and pre- tax mark- to- market charges of $314 million and $471 million for 2016 and 2015, respectively.

Project K and cost reduction activities

In February 2017, the Company announced an expansion and an extension to its previously- announced global efficiency and effectiveness program ("Project K"). Project K continued generating a significant amount of savings used to invest in key strategic areas of focus for the business. We recorded pre- tax charges of $260 million in 2017, $300 million in 2016, and $311 million in 2015.

In support of the ZBB initiative, we incurred pre- tax charges of $3 million in 2017, $25 million in 2016, and $12 million in 2015.

See the Restructuring and cost reduction activities section for more information.

Debt redemption

During the quarter ended April 2, 2016, we redeemed $475 million of our 7.45% U.S. Dollar Debentures due 2031. 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.

Variable interest entity (VIE) deconsolidation

During the quarter ended July 4, 2015, a series of previously executed agreements between Kellogg's and a third party 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.

Integration and transaction costs

We incurred integration costs related to the integration of various acquisitions in the years presented. We recorded pre- tax integration costs of $5 million, $12 million, and $30 million for 2017, 2016, and 2015, respectively.

Acquisitions

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. In our European reportable segment, the acquisition added $9 million in net sales and less than $1 million of operating profit (before integration costs) in 2016 that impacted the comparability to 2015 reported results.

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, the acquisition added $16 million in net sales and approximately $2 million in operating profit (before integration costs) in 2016 that impacted comparability to 2015 reported results.

In December 2016, the Company acquired Ritmo Investimentos, controlling shareholder of Parati S/A, Afical Ltda and Padua Ltda ("Parati Group"), a leading Brazilian food group. In our Latin America reportable segment for the year- to- date period ended December 30, 2017, the acquisition added $203 million in net sales and $25 million of operating profit (before integration costs) that impacted the comparability to 2016 reported results.

In October of 2017, the Company acquired Chicago Bar Company LLC manufacturer of RXBAR, a high protein snack bar made of simple ingredients. In our North America Other reportable segment for year- to- date period ended December 30, 2017, the acquisition added $27 million in net sales and $3 million of operating profit (before integration costs) that impacted the comparability of 2016 reported results.

Shipping day differences

In December 2017, we eliminated a one- month timing difference in reporting of financial results for the Parati Group. This update resulted in an additional month of financial results being reported in the quarter and year- to- date period ended December 30, 2017, which included $14 million of net sales that impacted the comparability of our reported results.

Venezuela

There was a material change in the business environment, including a worsening of our access to key raw materials subject to restrictions, and a related significant drop in production volume in the fourth 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. Additionally, the deconsolidation reduced net sales by $31 million and operating profit by $9 million for the year- to- date period ended December 30, 2016 which impacted the comparability of 2017 to 2016 reported results.

In 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, 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 in 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 2016 and 2015 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 2016 and $17 million in 2015 related to the utilization of these remaining non- monetary assets, primarily impacting COGS.

Foreign currency translation

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.

Financial results

For the full year 2017, our reported net sales decreased by 0.7% due primarily to the list- price adjustments and other impacts in U.S. Snacks related to its transition from DSD and lower volume in U.S. Morning Foods. These impacts were partially offset by the Parati and RXBAR acquisitions, solid performance in U.S. Specialty and Asia- Pacific, and favorable foreign currency. Currency- neutral comparable net sales decreased by 2.6%, within our full year guidance, after eliminating the impact of acquisitions, shipping day differences, foreign currency and prior year Venezuela results.

Reported operating profit increased by 39.5% as a result of productivity savings from Project K restructuring, which includes this year's exit from its U.S. Snacks segment's Direct Store Delivery sales and delivery system. Reported operating profit also benefited from the year- over- year impact of mark- to- market, restructuring, integration costs, acquisitions, and Venezuela remeasurement, partially mitigated by prior year Venezuela results and foreign currency. Currency- neutral comparable operating profit increased by 7.6%, within our full- year guidance range, after excluding the impact of mark- to- market, restructuring, acquisitions, integration costs, prior year Venezuela results, Venezuela remeasurement, and foreign currency.

Reported operating margin for the year was favorable 440 basis points due primarily to COGS and SG&A savings realized from Project K and ZBB initiatives, the impact of mark- to- market accounting for pension, and lower restructuring charges. Currency- neutral comparable operating margin was favorable 160 basis points after excluding the year- over- year impact of mark- to- market, restructuring, integration costs, acquisitions, Venezuela remeasurement, and foreign currency.

Reported diluted EPS of $3.62 was up 84.7% compared to the prior year of $1.96 due primarily to higher operating profit, favorable mark- to- market adjustments, lower restructuring charges, and prior year debt redemption expense. Currency- neutral comparable diluted EPS of $4.06 was up 9.1% compared to prior year of $3.72, within our full- year guidance range, after excluding the impact of mark- to- market, restructuring, and debt redemption expense.

Reconciliation of certain non- GAAP Financial Measures

Consolidated results (dollars in millions, except per share data)	**2017**	2016
Reported net income attributable to Kellogg Company	**$ 1,269**	$ 694
Mark- to- market (pre- tax)	**45**	(261)
Project K and cost reduction activities (pre- tax)	**(263)**	(325)
Debt redemption (pre- tax)	**—**	(153)
Integration and transaction costs (pre- tax)	**(5)**	(12)
Shipping day differences (pre- tax)	**(1)**	—
Venezuela operations impact (pre- tax)	**—**	9
Venezuela deconsolidation (pre- tax)	**—**	(72)
Venezuela remeasurement (pre- tax)	**—**	(11)
Income tax impact applicable to adjustments, net*	**82**	200
U.S. Tax Reform adoption impact	**(4)**	—
Comparable net income attributable to Kellogg Company	**$ 1,415**	$ 1,319
Foreign currency impact	**(6)**	
Currency neutral comparable net income attributable to Kellogg Company	**$ 1,421**	
Reported diluted EPS	**$ 3.62**	$ 1.96
Mark- to- market (pre- tax)	**0.13**	(0.74)
Project K and cost reduction activities (pre- tax)	**(0.75)**	(0.92)
Debt redemption (pre- tax)	**—**	(0.43)
Integration and transaction costs (pre- tax)	**(0.01)**	(0.03)
Venezuela operations impact (pre- tax)	**—**	0.02
Venezuela deconsolidation (pre- tax)	**—**	(0.20)
Venezuela remeasurement (pre- tax)	**—**	(0.03)
Income tax impact applicable to adjustments, net*	**0.22**	0.57
U.S. Tax Reform adoption impact	**(0.01)**	—
Comparable diluted EPS	**$ 4.04**	$ 3.72
Foreign currency impact	**(0.02)**	
Currency neutral comparable diluted EPS	**$ 4.06**	
Currency neutral comparable diluted EPS growth	**9.1%**	

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.

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

Consolidated results (dollars in millions, except per share data)	2016	2015
Reported net income attributable to Kellogg Company	$ 694	$ 614
Mark- to- market (pre- tax)	(261)	(446)
Project K and cost reduction activities (pre- tax)	(325)	(323)
Debt redemption (pre- tax)	(153)	
VIE deconsolidation (pre- tax)	—	48
Integration and transaction costs (pre- tax)	(12)	(26)
Acquisitions/divestitures (pre- tax)	1	—
Venezuela deconsolidation (pre- tax)	(72)	—
Venezuela remeasurement (pre- tax)	(11)	(169)
Income tax impact applicable to adjustments, net*	201	273
Comparable net income attributable to Kellogg Company	$ 1,326	$ 1,257
Foreign currency impact	(203)	
Currency neutral comparable net income attributable to Kellogg Company	$ 1,529	
Reported diluted EPS	$ 1.96	$ 1.72
Mark- to- market (pre- tax)	(0.74)	(1.25)
Project K and cost reduction activities (pre- tax)	(0.92)	(0.91)
Debt redemption (pre- tax)	(0.43)	—
VIE deconsolidation (pre- tax)	—	0.13
Integration and transaction costs (pre- tax)	(0.03)	(0.08)
Venezuela deconsolidation (pre- tax)	(0.20)	—
Venezuela remeasurement (pre- tax)	(0.03)	(0.47)
Income tax impact applicable to adjustments, net*	0.57	0.77
Comparable diluted EPS	$ 3.74	$ 3.53
Foreign currency impact	(0.57)	
Currency neutral comparable diluted EPS	$ 4.31	
Currency neutral comparable diluted EPS growth	22.1%	

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.
* Represents the estimated income tax effect on the reconciling items, using weighted- average statutory tax rates, depending upon the applicable jurisdiction.

Net sales and operating profit

2017 compared to 2016

The following tables provide an analysis of net sales and operating profit performance for 2017 versus 2016:

Year ended December 30, 2017

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	**$ 2,778**	**$ 3,067**	**$ 1,249**	**$ 1,616**	**$ 2,291**	**$ 955**	**$ 967**	**$ —**	**$ 12,923**
Acquisitions/divestitures	**—**	**—**	**—**	**28**	**11**	**203**	**—**	**—**	**242**
Shipping day differences	**—**	**—**	**—**	**—**	**—**	**14**	**—**	**—**	**14**
Comparable net sales	**$ 2,778**	**$ 3,067**	**$ 1,249**	**$ 1,588**	**$ 2,280**	**$ 738**	**$ 967**	**$ —**	**$ 12,667**
Foreign currency impact	**—**	**—**	**—**	**12**	**(14)**	**4**	**26**	**—**	**28**
Currency- neutral comparable net sales	**$ 2,778**	**$ 3,067**	**$ 1,249**	**$ 1,576**	**$ 2,294**	**$ 734**	**$ 941**	**$ —**	**$ 12,639**

Year ended December 31, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	$ 2,931	$ 3,198	$ 1,214	$ 1,598	$ 2,377	$ 780	$ 916	$ —	$ 13,014
Shipping day differences	—	—	—	—	—	—	—	—	—
Venezuela operations impact	—	—	—	—	—	31	—	—	31
Comparable net sales	$ 2,931	$ 3,198	$ 1,214	$ 1,598	$ 2,377	$ 749	$ 916	$ —	$ 12,983
% change - 2017 vs. 2016:									
Reported growth	**(5.2)%**	**(4.1)%**	**2.9%**	**1.1 %**	**(3.6)%**	**22.3 %**	**5.6%**	**—%**	**(0.7)%**
Acquisitions/divestitures	— %	— %	—%	1.7 %	0.5 %	25.9 %	—%	—%	1.9 %
Shipping day differences	— %	— %	—%	— %	— %	1.9 %	—%	—%	0.1 %
Venezuela operations impact	— %	— %	—%	— %	— %	(4.0)%	—%	—%	(0.3)%
Comparable Growth	**(5.2)%**	**(4.1)%**	**2.9%**	**(0.6)%**	**(4.1)%**	**(1.5)%**	**5.6%**	**—%**	**(2.4)%**
Foreign currency impact	— %	— %	—%	0.8 %	(0.6)%	0.4 %	2.8%	—%	0.2 %
Currency- neutral comparable growth	**(5.2)%**	**(4.1)%**	**2.9%**	**(1.4)%**	**(3.5)%**	**(1.9)%**	**2.8%**	**—%**	**(2.6)%**

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.

Year ended December 30, 2017

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported operating profit	**$ 601**	**$ 115**	**$ 312**	**$ 230**	**$ 279**	**$ 108**	**$ 86**	**$ 215**	**$ 1,946**
Mark- to- market	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**45**	**45**
Project K and cost reduction activities	**(18)**	**(309)**	**(2)**	**(16)**	**(40)**	**(8)**	**(11)**	**141**	**(263)**
Integration and transaction costs	**—**	**—**	**—**	**(2)**	**—**	**(3)**	**—**	**—**	**(5)**
Acquisitions/divestitures	**—**	**—**	**—**	**1**	**(1)**	**25**	**—**	**—**	**25**
Shipping day differences	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Comparable operating profit	**$ 619**	**$ 424**	**$ 314**	**$ 247**	**$ 320**	**$ 94**	**$ 97**	**$ 29**	**$ 2,144**
Foreign currency impact	**—**	**—**	**—**	**1**	**(4)**	**(1)**	**2**	**—**	**(2)**
Currency- neutral comparable operating profit	**$ 619**	**$ 424**	**$ 314**	**$ 246**	**$ 324**	**$ 95**	**$ 95**	**$ 29**	**$ 2,146**

Year ended December 31, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported operating profit	$ 593	$ 324	$ 279	$ 181	$ 205	$ 84	$ 70	$ (341)	$ 1,395
Mark- to- market	—	—	—	—	—	—	—	(261)	(261)
Project K and cost reduction activities	(23)	(76)	(8)	(38)	(126)	(8)	(7)	(39)	(325)
Integration and transaction costs	—	—	—	—	(3)	(2)	(3)	(2)	(10)
Shipping day differences	—	—	—	—	—	—	—	—	—
Venezuela operations impact	—	—	—	—	—	9	—	—	9
Venezuela remeasurement	—	—	—	—	—	(13)	—	—	(13)
Comparable operating profit	$ 616	$ 400	$ 287	$ 219	$ 334	$ 98	$ 80	$ (39)	$ 1,995
% change - 2017 vs. 2016:									
Reported growth	**1.3%**	**(64.5)%**	**12.0%**	**27.3 %**	**35.6 %**	**28.2 %**	**23.1 %**	**163.0 %**	**39.5 %**
Mark- to- market	—%	— %	—%	— %	— %	— %	— %	(149.5)%	24.7 %
Project K and cost reduction activities	0.8%	(70.5)%	2.6%	14.5 %	39.6 %	2.5 %	(3.3)%	143.8 %	5.6 %
Integration and transaction costs	—%	— %	—%	(0.8)%	1.0 %	(0.5)%	5.3 %	(2.5)%	0.3 %
Acquisitions/divestitures	—%	— %	—%	0.4 %	(0.3)%	26.9 %	— %	— %	1.3 %
Shipping day differences	—%	— %	—%	— %	— %	(0.2)%	— %	— %	— %
Venezuela operations impact	—%	— %	—%	— %	— %	(11.5)%	— %	(0.6)%	(0.5)%
Venezuela remeasurement	—%	— %	—%	— %	— %	14.7 %	— %	— %	0.6 %
Comparable growth	**0.5%**	**6.0 %**	**9.4%**	**13.2 %**	**(4.7)%**	**(3.7)%**	**21.1 %**	**171.8 %**	**7.5 %**
Foreign currency impact	—%	— %	—%	0.8 %	(1.3)%	(2.0)%	3.6 %	(1.6)%	(0.1)%
Currency- neutral comparable growth	**0.5%**	**6.0 %**	**9.4%**	**12.4 %**	**(3.4)%**	**(1.7)%**	**17.5 %**	**173.4 %**	**7.6 %**

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.

U.S. Morning Foods

This segment consists of primarily cereal and toaster pastries. As reported and currency- neutral comparable net sales declined 5.2% as a result of decreased volume partially offset by favorable pricing/mix.

Cereal category consumption declined for the year, particularly in the health and wellness segment. Our kid- oriented brands have performed well. Frosted Flakes grew consumption and share during the year behind effective media and innovation, including new Cinnamon Frosted Flakes. Special K returned to share growth in the fourth quarter as a result of an effective media campaign and in-store activation.

Toaster pastries grew share during the year, despite lower consumption in the category.

As Reported operating profit increased 1.3% due to productivity initiatives and lower restructuring charges partially offset by lower net sales. Currency- neutral comparable operating profit increased 0.5% after eliminating the impact of restructuring charges.

U.S. Snacks
This segment consists of crackers, cookies, savory snacks, wholesome snacks and fruit- flavored snacks.

As reported and currency- neutral comparable net sales declined 4.1% primarily due to impacts related to our conversion from DSD to warehouse distribution; specifically, reduced merchandising during the transition, reduction of SKUs, and a list- price adjustment to eliminate the premium charged for DSD services.

Crackers, Cookies and Wholesome Snacks declined in consumption and share for the year due to the reduction of promotion activity related to our efforts to smoothly transition out of DSD during the second and third quarters. Savory snacks consumption was pulled down, in part, by the elimination of a promotion- sized can. Focused marketing investment behind key brands resulted in improved consumption in the second half for Cheez- it and Club crackers, Keebler Fudge Shoppe cookies, and Rice Krispies Treats wholesome snacks.

As reported operating profit declined 64.5% due to increased Project K restructuring charges in the current year associated with our DSD transition. Currency- neutral comparable operating profit increased 6.0% after excluding the impact of restructuring charges; this was driven by DSD- related overhead reductions partially offset by increased brand investment.

U.S. Specialty
This segment sells the full line of Kellogg products to channels such as food service, vending, convenience stores, and Girl Scouts.

As reported and currency- neutral comparable net sales improved 2.9% as a result of higher volume and improved pricing/mix aided by innovation and expansion in core and emerging growth channels. In addition, the back half of the year benefited from hurricane- related shipments.

As reported operating profit increased 12.0% due to the higher net sales, savings from Project K and ZBB initiatives, and lower restructuring charges. Currency- neutral comparable operating profit increased 9.4% after excluding the impact of restructuring charges.

North America Other
This segment is composed of our U.S. Frozen Foods, Kashi Company, Canada, and RXBAR businesses.

As reported net sales increased 1.1% due primarily to the RXBAR acquisition, U.S. Frozen growth, and foreign currency. Currency- neutral comparable net sales declined 1.4% after excluding the impact of acquisitions and foreign currency.

In U.S. Frozen, Eggo® grew share and consumption during the year, benefiting from the removal of artificial ingredients and the success of Disney- shaped waffles, as well as the exit of a competitor. Our frozen veggie business, under the Morningstar Farms® and Gardenburger® brands, returned to consumption and share growth during the second half of the year, driven by marketing and in- store support focused on core grilling items.

In Canada, consumption and share performance continued to improve in both cereal and in snacks during the back half of the year. Recent share gains in cereal were the result of effective innovation and commercial programs.

Kashi Company reported net sales and operating profit were lower versus the prior year, as we continue to stabilize the Kashi brand outside of the natural channel. The business benefited from the continued success of our Bear Naked brand, which has become the #1 granola brand in the U.S. behind on- trend innovation and expanded distribution. Bear Naked grew both consumption and share for the year.

Reported operating profit increased 27.3% due to lower restructuring charges and by Project K and ZBB savings. Currency- neutral comparable operating profit increased 12.4% after excluding the impact of restructuring charges and foreign currency.

Europe
Reported net sales declined 3.6% due to lower volume partially offset by the favorable impact of foreign currency, pricing/mix and acquisitions. Currency- neutral comparable net sales declined 3.5% after excluding the impact of foreign currency and acquisitions.

Pringles volume was lower due primarily to prolonged negotiations with our customers as we sought to price behind our food and packaging upgrades. These negotiations were resolved by April but caused us to miss out on several first and second quarter merchandising programs. Promotional activity resumed in the third quarter and the brand returned to growth during the back half of the year with a particularly strong fourth quarter.

Cereal sales declined versus the prior year across the region but improved during the second half of the year. In the U.K., our largest market in the region, consumption and share turned positive in the second half of the year as a result of increased advertising behind our core brands, most notably Special K.

As reported operating profit increased 35.6% due to lower restructuring charges and incremental Project K savings, partially offset by lower sales and unfavorable foreign currency. Currency- neutral comparable operating profit declined 3.4% after excluding the impact of restructuring charges, prior year integration costs, acquisitions and foreign currency.

Latin America
Reported net sales improved 22.3% due to increased volume as a result of the Parati acquisition, favorable pricing/mix, and foreign currency. This was partially offset by lower volume in the Caribbean/Central America business and prior year Venezuela results. Currency- neutral comparable net sales declined 1.9% after excluding the impact of acquisitions, prior year Venezuela results, and foreign currency.

This decline was due primarily to the Caribbean/Central America sub- region, where first half distributor transitions and economic softness were followed during the back half of the year by shipment disruptions due to hurricanes Maria and Irma.

We did post solid growth for the year in Mexico and the Mercosur region. Our Mexico business continued to perform well with consumption and sales increasing versus the prior year in both cereal and snacks. Mercosur posted particularly strong growth in Pringles.

The integration of Parati, our acquisition in Brazil, continues to progress well, and the business posted double digit growth for the year.

As Reported operating profit increased 28.2%, primarily due to the impact of the Parati acquisition partially offset by lower sales in the Caribbean/Central America business. Currency- neutral comparable operating profit decreased 1.7% after excluding the impact of restructuring costs, integration costs, acquisitions, prior year Venezuela operations, Venezuela remeasurement, and foreign currency.

Asia Pacific
Reported net sales improved 5.6% due to favorable foreign currency and pricing/mix as well as higher volume. Currency- neutral comparable net sales increased 2.8%, after excluding the impact of foreign currency.

Growth in cereal was led by India and Korea. Australia, our largest market in the region, gained share during the second half of the year, reflecting continued stabilization. We are experiencing growth in consumption and share through food news and media behind our health and wellness brands, as well as innovation and brand building behind our taste- oriented brands.

Our Pringles business posted solid growth for the year across the region, driven by emerging markets as well as Australia and Korea. We are also seeing the benefits from the expansion of our wholesome snacks business in the region.

As reported operating profit increased 23.1% due to higher net sales and brand- building efficiencies. Currency- neutral comparable operating profit improved 17.5% after excluding the impact of restructuring, prior year integration costs and foreign currency.

Outside of our reported results, our joint ventures in West Africa and China continued to perform extremely well. Double- digit growth was driven by strong noodles volume in West Africa and e- commerce sales in China.

Corporate

As reported operating expense improved $556 million year on year due primarily to the year over year benefit from pension mark- to- market as well as pension curtailment gains in conjunction with Project K restructuring. Currency- neutral comparable operating profit improved $68 million year on year, primarily due to lower pension costs, after excluding the impact of mark- to- market, restructuring, integration costs, and foreign currency.

2016 compared to 2015

The following tables provide an analysis of net sales and operating profit performance for 2016 versus 2015:

Year ended December 31, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	**$ 2,931**	**$ 3,198**	**$ 1,214**	**$ 1,598**	**$ 2,377**	**$ 780**	**$ 916**	**$ —**	**$ 13,014**
Project K and cost reduction activities	—	—	—	—	—	—	—	—	—
Integration and transaction costs	—	—	—	—	—	—	—	—	—
Acquisitions/divestitures	—	—	—	3	28		—	—	31
Shipping day differences	—	—	—	—	—	—	—	—	—
Comparable net sales	**$ 2,931**	**$ 3,198**	**$ 1,214**	**$ 1,595**	**$ 2,349**	**$ 780**	**$ 916**	**$ —**	**$ 12,983**
Comparable net sales excluding Venezuela						**$ 749**			**$ 12,952**
Foreign currency impact	—	—	—	(14)	(132)	(922)	(5)	—	(1,073)
Currency- neutral comparable net sales	**$ 2,931**	**$ 3,198**	**$ 1,214**	**$ 1,609**	**$ 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	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	$ 2,992	$ 3,234	$ 1,181	$ 1,687	$ 2,497	$ 1,015	$ 919	$ —	$ 13,525
Project K and cost reduction activities	—	—	—	(2)	(2)	—	—	—	(4)
Integration and transaction costs	—	—	—	—	—	—	(1)	—	(1)
Acquisitions/divestitures	—	—	—	—	—	—	14	—	14
Shipping day differences	—	—	—	—	(3)	—	—	—	(3)
Comparable net sales	$ 2,992	$ 3,234	$ 1,181	$ 1,689	$ 2,502	$ 1,015	$ 906	$ —	$ 13,519
Comparable net sales excluding Venezuela						$ 818			$ 13,322
% change - 2016 vs. 2015:									
Reported growth	**(2.0)%**	**(1.1)%**	**2.8%**	**(5.3)%**	**(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 %
Shipping day differences	— %	— %	—%	— %	0.1 %	— %	— %	—%	0.1 %
Comparable growth	**(2.0)%**	**(1.1)%**	**2.8%**	**(5.6)%**	**(6.1)%**	**(23.1)%**	**1.0 %**	**—%**	**(4.0)%**
Comparable growth excluding Venezuela						**(8.4)%**			**(2.8)%**
Foreign currency impact	— %	— %	—%	(0.9)%	(5.3)%	(90.8)%	(0.6)%	—%	(8.0)%
Currency- neutral comparable growth	**(2.0)%**	**(1.1)%**	**2.8%**	**(4.7)%**	**(0.8)%**	**67.7 %**	**1.6 %**	**—%**	**4.0 %**
Currency- neutral comparable growth excluding Venezuela						**0.7 %**			**(1.1)%**

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.

Year ended December 31, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported operating profit	$ 593	$ 324	$ 279	$ 181	$ 205	$ 84	$ 70	$ (341)	$ 1,395
Mark- to- market	—	—	—	—	—	—	—	(261)	(261)
Project K and cost reduction activities	(23)	(76)	(8)	(38)	(126)	(8)	(7)	(39)	(325)
VIE deconsolidation	—	—	—	—	—	—	—	—	—
Integration and transaction costs	—	—	—	—	(3)	(2)	(3)	(2)	(10)
Acquisitions/divestitures	—	—	—	(1)	2	—	—	—	1
Shipping day differences	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	(13)	—	—	(13)
Comparable operating profit	$ 616	$ 400	$ 287	$ 220	$ 332	$ 107	$ 80	$ (39)	$ 2,003
Comparable operating profit excluding Venezuela						98		(39)	1,994
Foreign currency impact	—	—	—	(2)	(30)	(250)	2	2	(278)
Currency- neutral comparable operating profit	$ 616	$ 400	$ 287	$ 222	$ 362	$ 357	$ 78	$ (41)	$ 2,281
Currency- neutral comparable operating profit 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	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported operating profit	$ 474	$ 385	$ 260	$ 178	$ 247	$ 9	$ 54	$ (516)	$ 1,091
Mark- to- market	—	—	—	—	—	—	—	(446)	(446)
Project K and cost reduction activities	(58)	(50)	(5)	(63)	(74)	(4)	(13)	(56)	(323)
VIE deconsolidation	—	67	—	—	—	—	—	—	67
Integration and transaction costs	—	—	—	—	(11)	(3)	(14)	(2)	(30)
Acquisitions/divestitures	—	—	—	—	—	—	4	—	4
Shipping day differences	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	(119)	—	(1)	(120)
Comparable operating profit	$ 532	$ 368	$ 265	$ 241	$ 332	$ 135	$ 77	$ (11)	$ 1,939
Comparable operating profit excluding Venezuela						$ 103		$ (6)	$ 1,912
% change - 2016 vs. 2015:									
Reported growth	25.0%	(15.8)%	7.4 %	1.9 %	(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 %	(20.3)%	252.8 %	14.9 %	188.5 %	1.2 %
VIE deconsolidation	—%	(16.6)%	— %	— %	— %	— %	— %	— %	(4.0)%
Integration and transaction costs	—%	— %	— %	(0.1)%	2.5 %	95.2 %	15.1 %	46.1 %	1.3 %
Acquisitions/divestitures	—%	— %	— %	(0.6)%	0.8 %	— %	(6.8)%	— %	(0.3)%
Shipping day differences	—%	— %	— %	— %	0.2 %	— %	— %	— %	0.1 %
Venezuela remeasurement	—%	— %	— %	— %	— %	527.9 %	— %	31.6 %	6.1 %
Comparable growth	15.7%	8.5 %	8.8 %	(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)%	(9.0)%	(185.6)%	3.8 %	13.2 %	(14.4)%
Currency- neutral comparable growth	15.7%	8.5 %	8.8 %	(7.5)%	8.9 %	164.9 %	1.9 %	(294.5)%	17.7 %
Currency- neutral comparable growth excluding Venezuela						2.5 %		(429.9)%	6.7 %

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.

U.S. Morning Foods
This segment consists primarily of cereal and toaster pastries. As reported and currency- neutral comparable net sales declined 2.0% as a result of unfavorable volume and pricing/mix. Most of the decline was related to drinks and non- core products.

The cereal category and Kellogg share are both down approximately 1% for the year. However, our core six cereal brands collectively gained 20 basis points of share, including Special K®.

Toaster pastries reported an increase in net sales and share gains, with good contribution from innovation.

As reported operating profit increased 25.0% due to Project K savings, brand- building efficiencies resulting from ZBB, net deflation of input costs and reduced restructuring charges. This was partially offset by unfavorable sales performance. Currency- neutral comparable operating profit increased 15.7%, excluding the benefit of reduced restructuring charges.

U.S. Snacks
This segment consists of crackers, cereal bars, cookies, savory snacks, and fruit- flavored snacks. As reported and currency- neutral comparable net sales declined 1.1% as a result of unfavorable pricing/mix and a slight decrease in volume.

Crackers posted increased sales and share led by the Big 3 brands in combination (Cheez- It® , Town House®, and Club®).

The bars business declined due to weakness in the Special K® brand as the change in weight- management trends away from counting calories. The brand's declines are moderating with the success of on- trend offerings like Protein Trail Mix bars and Fruit & Nut bars. Rice Krispies Treats® and Nutri- Grain® gained share during the year.

The cookies business consumption declined for the year resulting in lost share, although share losses moderated in the last half of the year as we benefited from turning on advertising behind our Keebler® Elves.

Savory snacks reported low- single- digit growth as a result of consumption growth due to core Pringles® products driven, in part, by accelerated growth in on- the- go pack formats. This growth was partially offset by the lapping of SKU discontinuations during the year.

As reported operating profit declined 15.8% due to the prior year benefit of the VIE deconsolidation, increased restructuring charges in the current year, and unfavorable sales performance. This was partially offset by Project K savings and brand- building efficiencies from ZBB. Currency- neutral comparable operating profit increased 8.5% after excluding the impact of the prior year VIE deconsolidation and the impact of restructuring charges.

U.S. Specialty
This segment sells the full line of Kellogg products to channels such as food service, vending, convenience stores, and Girl Scouts.

As reported and currency- neutral comparable net sales increased 2.8% as a result of favorable pricing/mix and a slight increase in volume. Reported net sales growth was led by growth in the Foodservice, Convenience and Vending channels. We held or gained share in cereal, crackers, wholesome snacks, and veggie in the Foodservice channel, and in cereal, crackers, and frozen breakfast in the Convenience channel.

As reported operating profit increased 7.4% due to favorable sales performance and ZBB savings. Currency- neutral comparable operating profit increased 8.8% after excluding the minor impact of restructuring charges.

North America Other
This segment is composed of our U.S. Frozen Foods, Kashi Company, and Canada businesses.

As reported net sales decreased 5.3% due to lower volume, unfavorable impact of foreign currency and slightly unfavorable pricing/mix. Currency- neutral comparable net sales declined 4.7% after excluding the impact of foreign currency.

The U.S. Frozen business reported a net sales decline as we reshaped the portfolio for Eggo® and transitioned packaging for Morningstar Farms®. Despite the impact of these significant changes, the business posted improvement in operating profit and profit margins, driven by Project K and ZBB.

In Canada, net sales were down as a result of volume declines and unfavorable currency impact, partially offset by improved pricing/mix. Beginning in the second quarter, we increased prices to help offset higher input costs due to significant transactional foreign exchange pressure. The price increases resulted in lower volume. However, consumption and share declines moderated in the fourth quarter. Special K® gained share during 2016.

Kashi posted lower sales during the year as the business continues to transition its portfolio. We have exited several non- core product lines, including frozen pizza, hot cereal, and trail mix. While these exits negatively impacted sales, they provide tighter focus and better economics going forward. We are investing heavily in our food. During the year, we completed an overhaul of our cereal portfolio, making every product Non- GMO Project Verified. We also launched several new cereal and wholesome snacks products. Finally, we have redesigned our packaging across our Kashi portfolio.

As reported operating profit increased 1.9% due to lower restructuring charges as well as Project K savings and brand- building efficiencies resulting from ZBB in the U.S. Frozen and Canada businesses. These impacts were mitigated somewhat by investments in food and packaging in the Kashi business. Currency- neutral comparable operating profit declined 7.5% after excluding the impact of restructuring and foreign currency.

Europe

As reported net sales declined 4.8% due to unfavorable foreign currency and pricing/mix offset by a slight increase in volume. Currency-neutral comparable net sales declined 0.8% after excluding the impact of foreign currency and the impact of acquisitions.

The Pringles® business posted mid- single- digit net sales growth due to sustained momentum in key markets and expansion of Pringles® Tortilla into new markets.

The wholesome snacks business posted net sales growth for the year led by emerging markets. In addition, we increased share in the UK and France, where growth in kids' brands accelerated.

The cereal business in Europe posted a net sales decline mostly attributable to the UK, where consumption is down and a deflationary environment persists in our categories. We continue working to reposition and renovate Special K®.

Overall, we continue to see strong growth in emerging markets as currency- neutral comparable net sales increased at a double- digit rate in Mediterranean, Middle East, and Russia.

As reported operating profit declined 16.9% due to increased restructuring charges and unfavorable foreign currency impact partially offset by Project K savings and productivity initiatives. Currency- neutral comparable operating profit improved 8.9%, excluding the impact of restructuring charges and foreign currency.

Latin America

As reported net sales declined 23.1% due to unfavorable foreign currency and lower volume. This was partially offset by the favorable impact of pricing/mix, primarily due to Venezuela. Currency- neutral comparable net sales improved 67.7% primarily due to the impact of Venezuela. Excluding Venezuela, currency- neutral comparable net sales would have grown 0.7%.

Our sales performance was driven by price realization, as we cover the adverse impact of currency, as well as the focus on kids-oriented RTEC brands, the expansion of affordable formats in high- frequency stores, and the benefit of some distributor changes for Pringles®.

Cereal consumption and share grew in the back half of the year for Mexico led by our focus on kids' RTEC brands. The snacks business posted mid- single- digit net sales growth driven by strong Pringles® results, with notable growth in the Mexico and Andean markets. We've accelerated consumption growth in wholesome snacks in Mexico, led by new Special K® offerings.

As reported operating profit increased 855.2% due to the year- over- year change in Venezuela remeasurement impact, the favorable impact of pricing actions in Venezuela, and the favorable impact of brand- building efficiencies. Currency- neutral comparable operating profit improved by 164.9%, excluding the impact of Venezuela remeasurement and foreign currency. Excluding Venezuela, currency neutral comparable operating profit increased 2.5%.

Asia Pacific

As reported net sales declined 0.4% due to unfavorable foreign currency, disposition of a small business and unfavorable pricing/mix. Currency- neutral comparable net sales increased 1.6% after excluding the impact of foreign currency and disposition of a small business.

Our Australia business stabilized in 2016. The business is focusing media behind our priority brands, executing big “tent- pole” promotions during key shopper weeks, and launching consumer- driven innovation and renovation. Our largest cereal brand in Australia, Nutri- Grain®, returned to consumption and share growth as a result of these efforts.

In Asia, modest growth was led by Southeast Asia and Korea. The Sub- Saharan Africa business continued to perform well. Pringles® grew at a mid- single- digit rate on the strength of effective promotions as well as renovations like the re- stage of sweet flavors in Korea and the roll- out of Tortilla in Australia and South Africa. Pringles® posted share gains for the year in Korea, Japan, South Africa, Indonesia, and the Philippines.

As reported operating profit increased 28.9% due to reduced restructuring charges, Project K savings and productivity initiatives. Currency- neutral comparable operating profit increased 1.9% excluding the impact of restructuring charges, integration costs and foreign currency.

Corporate

As reported operating expense improved 33.8% due to lower year- over- year mark- to- market cost impacts, and lower restructuring costs partially offset by higher pension and benefit costs. Currency- neutral comparable operating profit declined after excluding the impact of mark- to- market pension and postretirement benefit and restructuring costs.

Margin performance

2017 versus 2016 margin performance was as follows:

	2017	2016	Change vs. prior year (pts.)
Reported gross margin (a)	**38.9 %**	36.5 %	2.4
Mark- to- market (COGS)	**0.1 %**	(1.3)%	1.4
Project K and cost reduction activities (COGS)	**(0.4)%**	(1.3)%	0.9
Integration and transaction costs (COGS)	**— %**	— %	—
Acquisitions/divestitures (COGS)	**0.1 %**	— %	0.1
Venezuela remeasurement (COGS)	**— %**	(0.1)%	0.1
Comparable gross margin	**39.1 %**	39.2 %	(0.1)
Foreign currency impact	**0.1 %**		0.1
Currency- neutral comparable gross margin	**39.0 %**		(0.2)
Reported SGA%	**(23.8)%**	(25.8)%	2.0
Mark- to- market (SGA)	**0.3 %**	(0.7)%	1.0
Project K and cost reduction activities (SGA)	**(1.7)%**	(1.2)%	(0.5)
Integration and transactions costs (SGA)	**— %**	(0.1)%	0.1
Acquisitions/divestitures (SGA)	**(0.2)%**	— %	(0.2)
Venezuela remeasurement (SGA)	**— %**	— %	—
Comparable SGA%	**(22.2)%**	(23.8)%	1.6
Foreign currency impact	**(0.2)%**		(0.2)
Currency- neutral comparable SGA%	**(22.0)%**		1.8
Reported operating margin	**15.1 %**	10.7 %	4.4
Mark- to- market	**0.4 %**	(2.0)%	2.4
Project K and cost reduction activities	**(2.1)%**	(2.5)%	0.4
Integration and transactions costs	**— %**	(0.1)%	0.1
Acquisitions/divestitures	**(0.1)%**	— %	(0.1)
Venezuela remeasurement	**— %**	(0.1)%	0.1
Comparable operating margin	**16.9 %**	15.4 %	1.5
Foreign currency impact	**(0.1)%**		(0.1)
Currency- neutral comparable operating margin	**17.0 %**		1.6

For information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

(a) Reported gross margin as a percentage of net sales. Gross margin is equal to net sales less cost of goods sold.

Reported gross margin for the year was favorable 240 basis points due primarily to productivity and cost savings under our Project K restructuring program, the year over year impact of mark- to- market accounting for pension, and lower restructuring charges, largely due to the curtailment benefit resulting from the amendment of certain pension plans in the U.S. and Canada. These impacts were mitigated somewhat by our U.S. Snacks transition out of DSD distribution, namely the list price adjustment and increased resources in warehouse logistics due to the DSD transition. Currency- neutral comparable gross margin was 20 basis points lower compared to the prior year after eliminating the impact of mark- to- market, restructuring, acquisitions, Venezuela remeasurement, and foreign currency; this was due to the reset of list prices for U.S. Snacks' transition out of DSD.

Reported SG&A% for the year was favorable 200 basis points due primarily to overhead savings realized from Project K, including the transition out of DSD, and ZBB, and the year over year impact of mark- to- market pension accounting. These impacts were partially offset by higher year- over- year Project K restructuring charges and acquisitions. Currency- neutral comparable SG&A% was favorable 180 basis points after excluding the impact of restructuring, mark- to- market, integration costs and acquisitions.

Reported operating margin for the year was favorable 440 basis points due primarily to COGS and SG&A savings realized from Project K and ZBB initiatives, the impact of mark- to- market accounting for pension, and lower restructuring charges. Currency- neutral comparable operating margin was favorable 160 basis points after excluding the year- over- year impact of mark- to- market, restructuring, integration costs, acquisitions, Venezuela remeasurement, and foreign currency.

Our 2017 and 2016 comparable gross profit, comparable SGA, and comparable operating profit measures are reconciled to the directly comparable U.S. GAAP measures as follows:

(dollars in millions)	**2017**	2016
Reported gross profit (a)	**$ 5,022**	$ 4,755
Mark- to- market (COGS)	**8**	(159)
Project K and cost reduction activities (COGS)	**(46)**	(173)
Integration and transaction costs (COGS)	**(1)**	(2)
Acquisitions/divestitures (COGS)	**106**	—
Shipping day differences (COGS)	**6**	—
Venezuela operations impact (COGS)	**—**	11
Venezuela remeasurement (COGS)	**—**	(12)
Comparable gross profit	**$ 4,949**	$ 5,090
Foreign currency impact	**14**	
Currency- neutral comparable gross profit	**$ 4,935**	
Reported SGA	**$ 3,076**	$ 3,360
Mark- to- market (SGA)	**37**	(102)
Project K and cost reduction activities (SGA)	**(217)**	(152)
Integration and transaction costs (SGA)	**(4)**	(8)
Acquisitions/divestitures (SGA)	**(81)**	—
Shipping day differences (SGA)	**(6)**	—
Venezuela operations impact (SGA)	**—**	(2)
Venezuela remeasurement (SGA)	**—**	(1)
Comparable SGA	**$ 2,805**	$ 3,095
Foreign currency impact	**(16)**	
Currency- neutral comparable SGA	**$ 2,789**	
Reported operating profit	**$ 1,946**	$ 1,395
Mark- to- market	**45**	(261)
Project K and cost reduction activities	**(263)**	(325)
Integration and transaction costs	**(5)**	(10)
Acquisitions/divestitures	**25**	—
Shipping day differences	**—**	—
Venezuela operations impact	**—**	9
Venezuela remeasurement	**—**	(13)
Comparable operating profit	**$ 2,144**	$ 1,995
Foreign currency impact	**(2)**	
Currency- neutral comparable operating profit	**$ 2,146**	

For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

(a) Gross profit is equal to net sales less cost of goods sold.

2016 versus 2015 margin performance was as follows:

	2016	2015	Change vs. prior year (pts.)
Reported gross margin (a)	36.5 %	34.6 %	1.9
Mark- to- market (COGS)	(1.3)%	(2.2)%	0.9
Project K and cost reduction activities (COGS)	(1.3)%	(1.4)%	0.1
VIE deconsolidation (COGS)	— %	— %	—
Integration and transaction costs (COGS)	— %	(0.1)%	0.1
Venezuela remeasurement (COGS)	(0.1)%	(0.9)%	0.8
Comparable gross margin	39.2 %	39.2 %	—
Comparable gross margin excluding Venezuela	39.2 %	39.4 %	(0.2)
Foreign currency impact	0.3 %		0.3
Currency- neutral comparable gross margin	38.9 %		(0.3)
Currency- neutral comparable gross margin excluding Venezuela	39.2 %		(0.2)
Reported SGA%	(25.8)%	(26.5)%	0.7
Mark- to- market (SGA)	(0.7)%	(1.1)%	0.4
Project K and cost reduction activities (SGA)	(1.2)%	(1.0)%	(0.2)
VIE deconsolidation (SGA)	— %	0.5 %	(0.5)
Integration and transactions costs (SGA)	(0.1)%	(0.1)%	—
Venezuela remeasurement (SGA)	— %	0.1 %	(0.1)
Comparable SGA%	(23.8)%	(24.9)%	1.1
Comparable SGA% excluding Venezuela	(23.8)%	(25.0)%	1.2
Foreign currency impact	(1.1)%		(1.1)
Currency- neutral comparable SGA%	(22.7)%		2.2
Currency- neutral comparable SGA% excluding Venezuela	(23.7)%		1.3
Reported operating margin	10.7 %	8.1 %	2.6
Mark- to- market	(2.0)%	(3.3)%	1.3
Project K and cost reduction activities	(2.5)%	(2.4)%	(0.1)
VIE deconsolidation	— %	0.5 %	(0.5)
Integration and transactions costs	(0.1)%	(0.2)%	0.1
Venezuela remeasurement	(0.1)%	(0.8)%	0.7
Comparable operating margin	15.4 %	14.3 %	1.1
Comparable operating margin excluding Venezuela	15.4 %	14.4 %	1.0
Foreign currency impact	(0.8)%		(0.8)
Currency- neutral comparable operating margin	16.2 %		1.9
Currency- neutral comparable operating margin excluding Venezuela	15.5 %		1.1

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.

Reported gross margin for the year was favorable 190 basis points due to savings realized from Project K and ZBB, Venezuela remeasurement, restructuring costs, mark- to- market and integration costs. This was partially offset by the impact of investments we are making in our food and packaging, unfavorable transactional foreign currency impact, and unfavorable mix. Currency- neutral comparable gross margin declined 30 basis points, after excluding the impact of market- to- market, restructuring, integration costs, Venezuela remeasurement, and foreign currency. Currency- neutral comparable gross margin excluding Venezuela declined 20 basis points.

Reported SGA% for the year was favorable 70 basis points primarily due to the favorable year- over- year impact to brand- building investment from ZBB efficiencies, overhead savings realized from Project K and ZBB, and lower mark- to- market expense. These impacts were partially mitigated by the unfavorable year- over- year impact of a VIE deconsolidation, continued reinvestment of Project K savings into sales capabilities and re- establishing the Kashi business, and foreign currency. Currency- neutral comparable SGA% was favorable 220 basis points, after excluding the impact of mark- to- market, VIE deconsolidation, and foreign currency.

Reported operating margin for the year was favorable 260 basis points due to the favorable year- over- year impact to brand- building investment from ZBB efficiencies and overhead savings realized from Project K and ZBB, Venezuela remeasurement, mark- to- market, and integration costs. This was partially offset by the impact of investments we are making in our food and packaging, general inflationary trends in wages and logistics, unfavorable transactional foreign currency impact, the continued reinvestment of Project K savings into sales capabilities, re-establishing the Kashi business, the unfavorable year- over- year impact of foreign currency, and VIE deconsolidation. Currency-neutral comparable operating margin was favorable 190 basis points, after excluding the year- over- year impact of restructuring, integration costs, Venezuela remeasurement, VIE deconsolidation, and foreign currency.

Our 2016 and 2015 comparable gross profit, comparable SGA, and comparable operating profit measures are reconciled to the directly comparable U.S. GAAP measures as follows:

(dollars in millions)	2016	2015
Reported gross profit (a)	$ 4,755	$ 4,681
Mark- to- market (COGS)	(159)	(296)
Project K and cost reduction activities (COGS)	(173)	(195)
VIE deconsolidation (COGS)	—	—
Integration and transaction costs (COGS)	(2)	(15)
Acquisitions/divestitures (COGS)	9	5
Venezuela remeasurement (COGS)	(12)	(112)
Comparable gross profit	$ 5,092	$ 5,294
Comparable gross profit excluding Venezuela	5,081	5,243
Foreign currency impact	(377)	
Currency- neutral comparable gross profit	$ 5,469	
Currency- neutral comparable gross profit excluding Venezuela	$ 5,172	
Reported SGA	$ 3,360	$ 3,590
Mark- to- market (SGA)	(102)	(150)
Project K and cost reduction activities (SGA)	(152)	(128)
VIE deconsolidation (SGA)	—	67
Integration and transaction costs (SGA)	(8)	(15)
Acquisitions/divestitures (SGA)	(8)	(1)
Venezuela remeasurement (SGA)	(1)	(8)
Comparable SGA	$ 3,089	$ 3,355
Comparable SGA excluding Venezuela	$ 3,087	$ 3,331
Foreign currency impact	99	
Currency- neutral comparable SGA	$ 3,188	
Currency- neutral comparable SGA excluding Venezuela	$ 3,132	
Reported operating profit	$ 1,395	$ 1,091
Mark- to- market	(261)	(446)
Project K and cost reduction activities	(325)	(323)
VIE deconsolidation	—	67
Integration and transaction costs	(10)	(30)
Acquisitions/divestitures	1	4
Venezuela remeasurement	(13)	(120)
Comparable operating profit	$ 2,003	$ 1,939
Comparable operating profit excluding Venezuela	$ 1,994	$ 1,912
Foreign currency impact	(278)	
Currency- neutral comparable operating profit	$ 2,281	
Currency- neutral comparable operating profit excluding Venezuela	$ 2,040	

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.

Restructuring and cost reduction activities

We view our restructuring and cost reduction activities as part of our operating principles to provide greater visibility in achieving our long- term profit growth targets. Initiatives undertaken are currently expected to recover cash implementation costs within a five- year period of completion. Upon completion (or as each major stage is completed in the case of multi- year programs), the project begins to deliver cash savings and/or reduced depreciation.

Project K

In February 2017, the Company announced an expansion and an extension to its previously- announced global 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 to drive future growth or utilized to achieve our 2018 Margin Expansion target.

In addition to the original program's focus on strengthening existing businesses in core markets, increasing growth in developing and emerging markets, and driving an increased level of value- added innovation, the extended program also focuses on implementing a more efficient go- to- market model for certain businesses and creating a more efficient organizational design in several markets. Since inception, Project K has provided significant benefits and is expected to continue to provide a number of benefits in the future, including an optimized supply chain infrastructure, the implementation of global business services, a new global focus on categories, increased agility from a more efficient organization design, and improved effectiveness in go- to- market models.

We currently anticipate that Project K will result in total pre- tax charges, once all phases are approved and implemented, of $1.5 to $1.6 billion, with after- tax cash costs, including incremental capital investments, estimated to be approximately $1.1 billion. Cash expenditures of approximately $950 million have been incurred through the end of fiscal year 2017. Total cash expenditures, as defined, are expected to be approximately $175 million for 2018. Total charges for Project K in 2018 are expected to be approximately $75 to $125 million.

We expect annual cost savings generated from Project K will be approximately $600 to $700 million in 2019. The savings will be realized primarily in selling, general and administrative expense with additional benefit realized in gross profit as cost of goods sold savings are partially offset by negative volume and price impacts resulting from go- to- market business model changes. The overall savings profile of the project reflects our go- to- market initiatives that will impact both selling, general and administrative expense and gross profit. We have realized approximately $480 million of annual savings through the end of 2017. Cost savings have been utilized to increase margins and be strategically invested in areas such as in- store execution, sales capabilities, including adding sales representatives, re- establishing the Kashi business unit, and in the design and quality of our products. We have also invested in production capacity in developing and emerging markets, and in global category teams.

We funded much of the initial cash requirements for Project K through our supplier financing initiative. We are now able to fund much of the cash costs for the project through cash on hand as we have started to realize cash savings from the project.

We also expect that the project will have an impact on our consolidated effective income tax rate during the execution of the project due to the timing of charges being taken in different tax jurisdictions. The impact of this project on our consolidated effective income tax rate will be excluded from the comparable income tax rate that will be disclosed on a quarterly basis.

We will complete implementation of Project K in 2018, with annual savings expected to increase through 2019. Project charges, after- tax cash costs and annual savings remain in line with expectations.

Refer to Note 5 within Notes to Consolidated Financial Statements for further information related to Project K and other restructuring activities.

Other Projects

In 2015 we implemented a zero- based budgeting (ZBB) program in our North America business and during the first half of 2016 the program was expanded into our international businesses. We have realized annual savings from the ZBB program of $397 million through 2017 and expect cumulative savings to be approximately $450 to $500 million by the end of 2018, realized largely in selling, general and administrative expense.

In support of the ZBB initiative, we incurred pre- tax charges of approximately $3 million, $25 million and $12 million during 2017, 2016 and 2015, respectively. Total charges of $40 million have been recognized since the inception of the ZBB program which consists primarily of the design and implementation of business capabilities.

We completed implementation of the ZBB program in 2017, with annual savings expected to increase through 2018. Project charges, after- tax cash costs and annual savings remain in line with expectations.

Foreign currency translation

The reporting currency for our financial statements is the U.S. dollar. Certain of our assets, liabilities, expenses and revenues are denominated in currencies other than the U.S. dollar, primarily in the euro, British pound, Mexican peso, Australian dollar, Canadian dollar, Brazilian Real, Nigerian Naira, and Russian ruble. To prepare our consolidated financial statements, we must translate those assets, liabilities, expenses and revenues into U.S. dollars at the applicable exchange rates. As a result, increases and decreases in the value of the U.S. dollar against these other currencies will affect the amount of these items in our consolidated financial statements, even if their value has not changed in their original currency. This could have significant impact on our results if such increase or decrease in the value of the U.S. dollar is substantial.

Interest expense
Interest expense was lower in 2017 due to a $153 million pre- tax charge in 2016 to redeem $475 million of 7.45% U.S. Dollar Debentures due 2031. The charge consisted primarily of a premium on the tender offer and also included accelerated losses on pre-issuance interest rate hedges, acceleration of fees and debt discount on the redeemed debt and fees. Also contributing to the increase from 2015 to 2016 was increased weighting of fixed rate debt and higher average debt levels.

Interest income (recorded in other income (expense), net) was (in millions), 2017- $9; 2016- $5; 2015- $4. We currently expect that our 2018 gross interest expense will increase from 2017 due to the $600 million, ten- year, 3.4% Senior Notes issued in November 2017 in conjunction with our acquisition of Chicago Bar Co., LLC, the manufacturer of RXBAR, and higher expected interest rates on floating rate debt.

				Change vs. prior year	
(dollars in millions)	**2017**	2016	2015	**2017**	2016
Reported interest expense	**$ 256**	$ 406	$ 227		
Amounts capitalized	**4**	4	4		
Gross interest expense	**$ 260**	$ 410	$ 231	**(36.6)%**	77.5%

Income taxes
On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (Tax Act). The Tax Act makes broad and complex changes to the U.S. tax code which impact our year ended December 30, 2017 including but not limited to, reducing the corporate tax rate from 35% to 21%, requiring a one- time transition tax on certain unrepatriated earnings of foreign subsidiaries that may be electively paid over eight years, and accelerating first year expensing of certain capital expenditures.

The Tax Act also introduces new tax laws that may impact our taxable income beginning in 2018 which will include, but not limited to, the repeal of the domestic production activity deduction, generally eliminating U.S. federal income taxes on foreign earnings (subject to certain important exceptions), a new provision designed to tax currently global intangible low taxed income (GILTI), a provision that could limit the amount of deductible interest expense, limitations on the deductibility of certain executive compensation, creating a base erosion anti- abuse tax (BEAT), and modifying or repealing many deductions and credits.

Shortly after the Tax Act was enacted, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (SAB 118) which provides guidance on accounting for the Tax Act’s impact. SAB 118 provides a measurement period, which in no case should extend beyond one year from the Tax Act enactment date, during which a company acting in good faith may complete the accounting for the impacts of the Tax Act under ASC Topic 740. Per SAB 118, we must reflect the income tax effects of the Tax Act in the reporting period in which the accounting under ASC Topic 740 is complete. To the extent our accounting for certain income tax effects of the Tax Act is incomplete, we can determine a reasonable estimate for those effects and record a provisional estimate in the financial statements in the first reporting period in which a reasonable estimate can be determined. If we cannot determine a provisional estimate to be included in the financial statements, we should continue to apply ASC 740 based on the provisions of the tax laws that were in effect immediately prior to the Tax Act being enacted. If we are unable to provide a reasonable estimate of the impacts of the Tax Act in a reporting period, a provisional amount must be recorded in the first reporting period in which a reasonable estimate can be determined.

Our year end income tax provision includes $4 million of net additional income tax expense during the quarter ended December 30, 2017, driven by the reduction in the U.S. corporate tax rate and the transition tax on foreign earnings.

Reduction in U.S. Corporate Tax Rate: The tax provision includes a tax benefit of $153 million for the remeasurement of certain deferred tax assets and liabilities to reflect the corporate tax rate reduction impact to our net deferred tax balances. This adjustment is considered complete.

Transition tax on foreign earnings: The transition tax is a tax on the previously untaxed accumulated and current earnings and profits of certain of our foreign subsidiaries. In order to determine the amount of the Transition Tax, we must determine, in addition to other factors, the amount of post- 1986 earnings and profits (E&P) of the relevant subsidiaries, as well as the amount of non- U.S. income taxes paid on such earnings. E&P is similar to retained earnings of the subsidiary, but requires other adjustments to conform to U.S. tax rules. As of December 30, 2017, based on accumulated foreign earnings and profits of approximately $2.6 billion, which are primarily in Europe, we are able to make a reasonable estimate of the transition tax and recorded a transition tax obligation of $157 million which the Company expects to elect to pay over eight years. The current portion of $17 million is included in Other current liabilities and the remainder is included within Other liabilities on the balance sheet. However, we are awaiting further interpretative guidance, continuing to assess available tax methods and elections, and continuing to gather additional information in order to finalize our calculations and complete the accounting for the transition tax liability.

In addition to the transition tax, the Tax Act introduced a territorial tax system, which will be effective beginning in 2018. The territorial tax system will impact our overall global capital and legal entity structure, working capital, and repatriation plan on a go- forward basis. In light of the territorial tax system, and other new international provisions within the Tax Act that are effective beginning in 2018, we are continuing to keep the $2.6 billion of accumulated foreign earnings and profits in Europe and other non- US jurisdictions and we can continue to support our assertion to indefinitely reinvest these foreign earnings and profits. As a result, as a reasonable provisional estimate, we are not recording any new deferred tax liabilities associated with the territorial tax system or for any changes to our indefinite reinvestment assertion. Further, it is impracticable for us to estimate any future tax cost for any unrecognized future tax liabilities associated with our indefinite reinvestment assertion as of December 30, 2017, because the actual tax liability, if any, would be dependent on complex analysis and calculations considering various tax laws, exchange rates, circumstances existing when a repatriation, sale, or liquidation occurs, and other factors.

If there are any changes to our indefinite reinvestment assertion as a result of finalizing our assessment of the new Tax Act, we will adjust our provisional estimates, record, and disclose any tax impacts in the appropriate period, pursuant to SAB 118.

For the year ended December 30, 2017, we did not identify any items from the Tax Act for which a provisional estimate could not be determined. In addition, other provisions of the Tax Act for which we have finalized or are continuing to finalize its accounting are not material (or expected to be material) to the financial statements as of and for the year ended December 30, 2017.

Our reported effective tax rates for 2017, 2016 and 2015 were 24.6%, 25.2%, and 20.6%, respectively. Comparable effective tax rates for 2017, 2016 and 2015 were 25.8%, 24.7%, and 25.6%, respectively.

For the year ended December 30, 2017, the effective tax rate benefited from a deferred tax benefit of $39 million resulting from the intercompany transfer of intellectual property. The 2016 effective income tax rate benefited from excess tax benefits from share- based compensation totaling $36 million. The 2015 effective income tax rates benefited from the mark- to- market loss recorded for our pension plans. Refer to Note 13 within Notes to Consolidated Financial Statements for further information.

Fluctuations in foreign currency exchange rates could impact the expected effective income tax rate as it is dependent upon U.S. dollar earnings of foreign subsidiaries doing business in various countries with differing statutory tax rates. Additionally, the rate could be impacted if pending uncertain tax matters, including tax positions that could be affected by planning initiatives, are resolved more or less favorably than we currently expect.

The following table provides a reconciliation of as reported to currency- neutral comparable income taxes and effective income tax rate for 2017 and 2016.

Consolidated results (dollars in millions)	**2017**	2016
Reported income taxes	**$ 412**	$ 233
Mark- to- market	**6**	(59)
Project K and cost reduction activities	**(86)**	(85)
Debt redemption	**—**	(54)
Integration and transaction costs	**(2)**	(3)
Venezuela operations impact	**—**	1
Venezuela deconsolidation	**—**	—
Venezuela remeasurement	**—**	—
U.S. Tax Reform adoption impact	**4**	
Comparable income taxes	**$ 490**	$ 433
Reported effective income tax rate	**24.6 %**	25.2 %
Mark- to- market	**(0.3)**	0.5
Project K and cost reduction activities	**(1.1)**	(0.3)
Debt redemption	**—**	(0.9)
Integration and transaction costs	**—**	—
Venezuela operations impact	**—**	(0.1)
Venezuela deconsolidation	**—**	1.0
Venezuela remeasurement	**—**	0.2
U.S. Tax Reform adoption impact	**0.2**	—
Comparable effective income tax rate	**25.8 %**	24.8 %

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.

The following table provides a reconciliation of as reported to currency- neutral comparable income taxes and effective income tax rate for 2016 and 2015.

Consolidated results (dollars in millions)	2016	2015
Reported income taxes	$ 233	$ 159
Mark- to- market	(59)	(148)
Project K and cost reduction activities	(85)	(94)
Debt redemption	(54)	—
VIE deconsolidation	—	(2)
Integration and transaction costs	(3)	(9)
Venezuela deconsolidation	—	—
Venezuela remeasurement	—	(20)
Comparable income taxes	$ 434	$ 432
Reported effective income tax rate	25.2 %	20.6 %
Mark- to- market	0.5	(4.6)
Project K and cost reduction activities	(0.3)	(0.8)
Debt redemption	(0.9)	—
VIE deconsolidation	—	(0.9)
Integration and transaction costs	—	(0.2)
Venezuela deconsolidation	1.0	—
Venezuela remeasurement	0.2	1.5
Comparable effective income tax rate	24.7 %	25.6 %

For more information on reconciling items in the table above, please refer to the Significant items impacting comparability section.

Investments in unconsolidated entities

After- tax earnings from unconsolidated entities for the year ended December 30, 2017 increased to $7 million compared to the prior year of $1 million. The change was driven by increased sales and favorable tax benefits in Multipro Singapore Pte Ltd ('Multipro'), partially offset by inflation on input costs for both Multipro and our Other unconsolidated entities. Net sales attributed to our share of the unconsolidated entities were approximately $377 million for Multipro and approximately $28 million for all other unconsolidated entities.

The components of our unconsolidated entities' net sales growth for 2017 versus 2016 are shown in the following table:

2017 versus 2016 (pts):	Multipro	Other	Total unconsolidated entities
Contributions from volume growth (a)	10.8	20.9	11.0
Net price realization and mix	27.1	6.9	26.2
Currency- neutral comparable sales growth	**37.9**	**27.8**	**37.2**
Foreign currency exchange	(24.0)	(7.8)	(22.9)
Reported net sales growth	**13.9**	**20.0**	**14.3**

(a) Measured in tons based on the stated weight of our product shipments.

After- tax earnings from unconsolidated entities for the year ended December 31, 2016 increased to $1 million compared to the prior year of less than $1 million. The change was driven by increased sales in Multipro partially offset by the other unconsolidated entities. Net sales attributed to our share of the unconsolidated entities were approximately $331 million for Multipro and approximately $23 million for all other unconsolidated entities.

The components of our unconsolidated entities' net sales growth for 2016 versus 2015 are shown in the following table:

2016 versus 2015 (pts):	Multipro (a)	Other	Total unconsolidated entities
Contributions from volume growth (b)	(5.8)	(1.1)	(5.5)
Net price realization and mix	51.1	1.7	43.2
Currency- neutral comparable sales growth	**45.3**	**0.6**	**37.7**
Foreign currency exchange	(48.7)	(6.8)	(41.6)
Reported net sales growth	**(3.4)**	**(6.2)**	**(3.9)**

(a) 2016 results based on four months of activity to be comparable to 2015.

(b) Measured in tons based on the stated weight of our product shipments.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity is operating cash flows supplemented by borrowings for major acquisitions and other significant transactions. Our cash- generating capability is one of our fundamental strengths and provides us with substantial financial flexibility in meeting operating and investing needs.

We have historically reported negative working capital primarily as the result of our focus to improve core working capital by reducing our levels of trade receivables and inventory while extending the timing of payment of our trade payables. In addition, we have a substantial amount of indebtedness which results in current maturities of long- term debt and notes payable which can have a significant impact on working capital as a result of the timing of these required payments. Working capital is also impacted by the use of our ongoing cash flows from operations to service our debt obligations, pay dividends, fund acquisition opportunities, and repurchase our common stock. We had negative working capital of $1.4 billion and $1.5 billion as of December 30, 2017 and December 31, 2016, respectively.

We believe that our operating cash flows, together with our credit facilities and other available debt financing, will be adequate to meet our operating, investing and financing needs in the foreseeable future. However, there can be no assurance that volatility and/or disruption in the global capital and credit markets will not impair our ability to access these markets on terms acceptable to us, or at all.

As of December 30, 2017 and December 31, 2016, we had $204 million and $240 million, respectively, of cash and cash equivalents held in international jurisdictions. The cash we generate outside the U.S. is principally to be used to fund our international development. If the funds generated by our U.S. business are not sufficient to meet our need for cash in the U.S., we may need to repatriate a portion of our international earnings to the U.S. which may be subject to additional taxes. The Tax Act required a one- time transition tax on certain unrepatriated earnings of foreign subsidiaries. The impact of the Tax Act provision on repatriation lacks clarity and is subject to interpretation and may ultimately vary from the provision amount reported.

The following table sets forth a summary of our cash flows:

(dollars in millions)	**2017**	2016	2015
Net cash provided by (used in):			
Operating activities	**$ 1,646**	$ 1,628	$ 1,691
Investing activities	**(1,094)**	(893)	(1,127)
Financing activities	**(604)**	(642)	(706)
Effect of exchange rates on cash and cash equivalents	**53**	(64)	(50)
Net increase (decrease) in cash and cash equivalents	**$ 1**	$ 29	$ (192)

Operating activities

The principal source of our operating cash flows is net earnings, meaning cash receipts from the sale of our products, net of costs to manufacture and market our products.

Our net cash provided by operating activities for 2017 totaled $1,646 million, an increase of $18 million as compared to 2016. Pre- tax cash costs totaling $144 million in the year ended December 31, 2016 related to the $475 million redemption of our 7.45% U.S. Dollar Debentures due 2031 and $59 million cash settlement of forward starting swaps were offset by an increase in tax cash payments during the current year as well as a lower year- over- year cash flow impact from the supplier financing initiative.

After- tax cash payments related to Project K were $230 million in 2017, $117 million in 2016, and $191 million in 2015.

Our cash conversion cycle (defined as days of inventory and trade receivables outstanding less days of trade payables outstanding, based on a trailing 12 month average), is approximately negative 7 days and 3 days for 2017 and 2016, respectively. Core working capital in 2017 averaged 3.0% of net sales, compared to 4.0% in 2016 and 6.2% in 2015. In 2017, both our cash conversion cycle and core working capital showed improvements in days of trade payables outstanding which includes the positive impact of a supplier financing initiative. Days of trade receivables and inventory on hand were flat in 2017 compared to 2016.

Our total pension and postretirement benefit plan funding amounted to $44 million, $33 million and $53 million, in 2017, 2016 and 2015, respectively.

The Pension Protection Act (PPA), and subsequent regulations, determines defined benefit plan minimum funding requirements in the United States. We believe that we will not be required to make any contributions under PPA requirements until 2022 or beyond. Our projections concerning timing of PPA funding requirements are subject to change primarily based on general market conditions affecting trust asset performance, future discount rates based on average yields of high quality corporate bonds and our decisions regarding certain elective provisions of the PPA.

We currently project that we will make total U.S. and foreign benefit plan contributions in 2018 of approximately $37 million. Actual 2018 contributions could be different from our current projections, as influenced by our decision to undertake discretionary funding of our benefit trusts versus other competing investment priorities, future changes in government requirements, trust asset performance, renewals of union contracts, or higher- than- expected health care claims cost experience.

We measure cash flow as net cash provided by operating activities reduced by expenditures for property additions. We use this non-GAAP financial measure of cash flow to focus management and investors on the amount of cash available for debt repayment, dividend distributions, acquisition opportunities, and share repurchases. Our cash flow metric is reconciled to the most comparable GAAP measure, as follows:

(dollars in millions)	**2017**	2016	2015
Net cash provided by operating activities	**$ 1,646**	$ 1,628	$ 1,691
Additions to properties	**(501)**	(507)	(553)
Cash flow	**$ 1,145**	$ 1,121	$ 1,138
year- over- year change	**2.1%**	(1.5)%	

Investing activities

Our net cash used in investing activities for 2017 amounted to $1,094 million, an increase of $201 million compared with 2016. In 2017, we acquired Chicago Bar Co., LLC, the manufacturer of RXBAR, for $596 million. In 2016, we acquired Parati, a manufacturer of biscuit, powdered beverage and pasta brands in Brazil for $381 million.

In 2015, we acquired, for $445 million, a 50% interest in Multipro Singapore Pte. Ltd., a leading distributor of a variety of food products in Nigeria and Ghana, and an option to purchase a minority interest in an affiliated food manufacturer. In addition to our joint venture investment in 2015, we also acquired Mass Foods and a majority interest in Bisco Misr.

Capital spending in 2017 included investments in our supply chain infrastructure and network optimization initiatives in global manufacturing and distribution.

Cash paid for additions to properties as a percentage of net sales was 3.9% in 2017, 3.9% in 2016, and 4.1% in 2015.

Financing activities

Our net cash used by financing activities was $604 million, $642 million and $706 million for 2017, 2016 and 2015, respectively.

Total debt was $8.6 billion and $7.8 billion at year- end 2017 and 2016, respectively.

In November 2017, we issued $600 million of ten- year 3.4% Senior Notes to pay down commercial paper issued in conjunction with the purchase of Chicago Bar Co., LLC, manufacturer of RXBAR.

In May 2017, we issued €600 million of five- year 0.80% Euro Notes due 2022 and repaid our 1.75% fixed rate $400 million U.S. Dollar Notes due 2017 at maturity. Additionally, we repaid our 2.05% fixed rate Cdn. $300 million Canadian Dollar Notes at maturity.

In November 2016, we issued $600 million of seven- year 2.65% U.S. Dollar Notes and repaid our 1.875% $500 million U.S. Dollar Notes due 2016 at maturity.

In May 2016, we issued €600 million of eight- year 1.00% Euro Notes due 2024 and repaid our 4.45% fixed rate $750 million U.S. Dollar Notes due 2016 at maturity.

In March 2016, we issued $750 million of ten- year 3.25% U.S. Dollar Notes and $650 million of thirty- year 4.50% U.S. Dollar Notes. Also in March 2016, we redeemed $475 million of our 7.45% U.S. Dollar Debentures due 2031.

In May 2015, we repaid our $350 million 1.125% U.S. Dollar Notes due 2015 at maturity.

In February 2015, we repaid our floating- rate $250 million U.S. Dollar Notes due 2015 at maturity and in March 2015, we issued €600 million of ten- year 1.25% Euro Notes due 2025.

In December 2015, the board of directors approved a share repurchase program authorizing us to repurchase shares of our common stock amounting to $1.5 billion beginning in 2016 through December 2017. In December 2017, the board of directors approved the repurchase of up to $1.5 billion of our common stock beginning in January 2018 through December 2019.

During 2017, we purchased 7 million shares totaling $516 million. During 2016, we purchased 6 million shares totaling $426 million. During 2015, we purchased 11 million shares totaling $731 million.

We paid quarterly dividends to shareholders totaling $2.12 per share in 2017, $2.04 per share in 2016, and $1.98 per share in 2015. Total cash paid for dividends increased by 4.0% in 2017 and 3.0% in 2016. On February 16, 2018, the board of directors declared a dividend of $.54 per common share, payable on March 15, 2018 to shareholders of record at the close of business on March 5, 2018.

We entered into an unsecured Five- Year Credit Agreement in February 2014, allowing us to borrow, on a revolving credit basis, up to $2.0 billion and expiring in 2019. In January 2018, we entered into an unsecured Five- Year Credit Agreement to replace the existing agreement allowing us to borrow up to $1.5 billion, on a revolving basis.

In January 2018, we entered into an unsecured 364- Day Credit Agreement to borrow, on a revolving credit basis, up to $1.0 billion at any time outstanding, to replace the $800 million 364- day facility that expired in January 2018. The new credit facilities contains customary covenants and warranties, including specified restrictions on indebtedness, liens and a specified interest expense coverage ratio. If an event of default occurs, then, to the extent permitted, the administrative agent may terminate the commitments under the credit facility, accelerate any outstanding loans under the agreement, and demand the deposit of cash collateral equal to the lender's letter of credit exposure plus interest. There are no borrowings outstanding under the new credit facilities.

Our long- term debt agreements contain customary covenants that limit Kellogg Company and some of its subsidiaries from incurring certain liens or from entering into certain sale and lease- back transactions. Some agreements also contain change in control provisions. However, they do not contain acceleration of maturity clauses that are dependent on credit ratings. A change in our credit ratings could limit our access to the U.S. short- term debt market and/or increase the cost of refinancing long- term debt in the future. However, even under these circumstances, we would continue to have access to our 364- Day Credit Facility, which expires in January 2019, as well as our Five- Year Credit Agreement, which expires in January 2023. This source of liquidity is unused and available on an unsecured basis, although we do not currently plan to use it.

We monitor the financial strength of our third- party financial institutions, including those that hold our cash and cash equivalents as well as those who serve as counterparties to our credit facilities, our derivative financial instruments, and other arrangements.

We are in compliance with all covenants as of December 30, 2017. We continue to believe that we will be able to meet our interest and principal repayment obligations and maintain our debt covenants for the foreseeable future, while still meeting our operational needs, including the pursuit of selected bolt- on acquisitions. This will be accomplished through our strong cash flow, our short- term borrowings, and our maintenance of credit facilities on a global basis.

During 2016, we initiated a program in which customers could extend their payment terms in exchange for the elimination of early payment discounts (Extended Terms Program).

During the first half of 2016, in order to mitigate the net working capital impact of the Extended Terms Program for a discrete customer, we entered into an agreement to sell, on a revolving basis, certain trade accounts receivable balances to third party financial institutions (Monetization Program). Transfers under the Monetization Program are accounted for as sales of receivables resulting in the receivables being de- recognized from our Consolidated Balance Sheet. The Monetization Program provides for the continuing sale of certain receivables on a revolving basis until terminated by either party; however the maximum funding from receivables that may be sold at any time is currently $800 million, but may be increased as additional financial institutions are added to the Monetization Program. Accounts receivable sold of $601 million and $562 million remained outstanding under this arrangement as of December 30, 2017 and December 31, 2016, respectively. Approximately $2.2 billion and $1.5 billion of accounts receivable have been sold via the Monetization Program during the years ended December 30, 2017 and December 31, 2016, respectively.

In addition to the Monetization Program, during 2016, in order to mitigate the net working capital impact of the Extended Terms Program for other customers, we entered into agreements with financial institutions (Securitization Program) to sell these receivables resulting in the receivables being de- recognized from our consolidated balance sheet. The maximum funding from receivables that may be sold at any time is currently $600 million, but may be increased as additional financial institutions are added to the agreement. As of December 30, 2017, approximately $433 million of accounts receivable sold under the Securitization Program remained outstanding, for which we received cash of approximately $412 million and a deferred purchase price asset of approximately $21 million. As of December 31, 2016, approximately $292 million of accounts receivable sold under the securitization program remained outstanding, for which we received cash of approximately $255 million and a deferred purchase price asset of approximately $37 million. During the years ended December 30, 2017 and December 31, 2016, $2.6 billion and $839 million of accounts receivable were sold through the Securitization Program, respectively. In December 2017, we terminated the Securitization Program, such that no receivables will be sold after December 28, 2017. We terminated the Securitization Program as a result of declining customer interest in an extended- terms program, and recent changes to accounting guidelines that (i) no longer treat the advances from the securitization in a way that preserves Cash Flow, defined as Cash From Operations less Capital Expenditure, and (ii) require burdensome administration, including daily reconciliations of receivables sold and collected under the program. Terminating the Securitization Program will have no impact on our Cash Flow.

Refer to Note 2 within Notes to Consolidated Financial Statements for further information related to the sale of accounts receivable.

OFF- BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

Off- balance sheet arrangements

At December 30, 2017, we did not have any material off- balance sheet arrangements. Refer to Note 2 within Notes to Consolidated Financial Statements for information on our accounts receivable securitization and factoring programs.

Contractual obligations

The following table summarizes our contractual obligations at December 30, 2017:

Contractual obligations	Payments due by period						
(millions)	Total	2018	2019	2020	2021	2022	2023 and beyond
Long- term debt:							
Principal	$ 8,319	407	$ 507	$ 850	$ 600	$ 1,079	$ 4,876
Interest (a)	2,306	238	221	211	177	160	1,299
Capital leases (b)	3	1	1	1	—	—	—
Operating leases (c)	455	127	89	61	49	40	89
Purchase obligations (d)	1,341	924	306	86	21	3	1
Uncertain tax positions (e)	8	8	—	—	—	—	—
Other long- term obligations (f)	794	166	68	83	96	100	281
Total	$ 13,226	$ 1,871	$ 1,192	$ 1,292	$ 943	$ 1,382	$ 6,546

(a) Includes interest payments on our long- term debt and payments on our interest rate swaps. Interest calculated on our variable rate debt was forecasted using the LIBOR forward rate curve as of December 30, 2017.

(b) The total expected cash payments on our capital leases include interest expense totaling less than $1 million over the periods presented above.

(c) Operating leases represent the minimum rental commitments under non- cancelable operating leases.

(d) Purchase obligations consist primarily of fixed commitments for raw materials to be utilized in the normal course of business and for marketing, advertising and other services. The amounts presented in the table do not include items already recorded in accounts payable or other current liabilities at year- end 2017, nor does the table reflect cash flows we are likely to incur based on our plans, but are not obligated to incur. Therefore, it should be noted that the exclusion of these items from the table could be a limitation in assessing our total future cash flows under contracts.

(e) As of December 30, 2017, our total liability for uncertain tax positions was $60 million, of which $8 million is expected to be paid in the next twelve months. We are not able to reasonably estimate the timing of future cash flows related to the remaining $52 million.

(f) Other long- term obligations are those associated with noncurrent liabilities recorded within the Consolidated Balance Sheet at year- end 2017 and consist principally of projected commitments under deferred compensation arrangements, multiemployer plans, and supplemental employee retirement benefits. The table also includes our current estimate of minimum contributions to defined benefit pension and postretirement benefit plans through 2023 as follows: 2018- $56; 2019- $47; 2020- $65; 2021- $77; 2022- $76; 2023- $117.

In addition, the total tax repatriation payable of $157 million which expected to be paid over the next 8 years is included in the total above.

CRITICAL ACCOUNTING ESTIMATES

Promotional expenditures

Our promotional activities are conducted either through the retail trade or directly with consumers and include activities such as in- store displays and events, feature price discounts, consumer coupons, contests and loyalty programs. The costs of these activities are generally recognized at the time the related revenue is recorded, which normally precedes the actual cash expenditure. The recognition of these costs therefore requires management judgment regarding the volume of promotional offers that will be redeemed by either the retail trade or consumer. These estimates are made using various techniques including historical data on performance of similar promotional programs. Differences between estimated expense and actual redemptions are normally insignificant and recognized as a change in management estimate in a subsequent period. On a full- year basis, these subsequent period adjustments represent approximately 0.3% of our company’s net sales. However, our company’s total promotional expenditures (including amounts classified as a revenue reduction) are significant, so it is likely our results would be materially different if different assumptions or conditions were to prevail.

Property

Long- lived assets such as property, plant and equipment are tested for impairment when conditions indicate that the carrying value may not be recoverable. Management evaluates several conditions, including, but not limited to, the following: a significant decrease in the market price of an asset or an asset group; a significant adverse change in the extent or manner in which a long- lived asset is being used, including an extended period of idleness; and a current expectation that, more likely than not, a long- lived asset or asset group will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. For assets to be held and used, we project the expected future undiscounted cash flows generated by the long- lived asset or asset group over the remaining useful life of the primary asset. If the cash flow analysis yields an amount less than the carrying amount we determine the fair value of the asset or asset group by using comparable market data. There are inherent uncertainties associated with the judgments and estimates we use in these analyses.

At December 30, 2017, we have property, plant and equipment of $3.7 billion, net of accumulated depreciation, on our balance sheet. Included in this amount are approximately $22 million of idle assets.

Goodwill and other intangible assets

We perform an impairment evaluation of goodwill and intangible assets with indefinite useful lives at least annually during the fourth quarter of each year in conjunction with our annual budgeting process.

Goodwill impairment testing first requires a comparison between the carrying value and fair value of a reporting unit with associated goodwill. Carrying value is based on the assets and liabilities associated with the operations of that reporting unit, which often requires allocation of shared or corporate items among reporting units. For the 2017 goodwill impairment test, the fair value of the reporting units was estimated based on market multiples. Our approach employs market multiples based on sales, if applicable, and/or earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings for companies comparable to our reporting units. In the event the fair value determined using the market multiples approach is close to the carrying value, we may also supplement our fair value determination using discounted cash flows. Management believes the assumptions used for the impairment test are consistent with those utilized by a market participant performing similar valuations for our reporting units.

Similarly, impairment testing of indefinite- lived intangible assets requires a comparison of carrying value to fair value of that particular asset. Fair values of non- goodwill intangible assets are based primarily on projections of future cash flows to be generated from that asset. For instance, cash flows related to a particular trademark would be based on a projected royalty stream attributable to branded product sales discounted at rates consistent with rates used by market participants. These estimates are made using various inputs including historical data, current and anticipated market conditions, management plans, and market comparables.

We also evaluate the useful life over which a non- goodwill intangible asset with a finite life is expected to contribute directly or indirectly to our cash flows. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, known technological advances, legislative action that results in an uncertain or changing regulatory environment, and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets.

At December 30, 2017, goodwill and other intangible assets amounted to $8.1 billion, consisting primarily of goodwill and brands associated with the 2001 acquisition of Keebler Foods Company and the 2012 acquisition of Pringles. Within this total, approximately $2.5 billion of non- goodwill intangible assets were classified as indefinite- lived, comprised principally of Keebler and Pringles trademarks. The majority of these intangible assets are recorded in our U.S. Snacks reporting unit. We currently believe that the fair value of our goodwill and other intangible assets exceeds their carrying value and that those intangibles so classified will contribute indefinitely to our cash flows. The percentage of excess fair value over carrying value of the U.S. Snacks reporting unit was approximately 57% and 41% in 2017 and 2016, respectively. However, if we had used materially different assumptions, which we do not believe are reasonably possible, regarding the future performance of our business or a different market multiple in the valuation, this could have resulted in significant impairment losses.

Additionally, we have $207 million of goodwill related to our Kashi reporting unit, which was primarily a result of establishing Kashi as a separate operating segment in 2015, which required an allocation of goodwill from our U.S. Snacks operating segment. The 2017 fair value of the Kashi reporting unit was estimated primarily based on a multiple of net sales and discounted cash flows. The percentage of excess over fair value was approximately 30%. The use of modestly different assumptions in the valuation could have resulted in an impairment.

Retirement benefits

Our company sponsors a number of U.S. and foreign defined benefit employee pension plans and also provides retiree health care and other welfare benefits in the United States and Canada. Plan funding strategies are influenced by tax regulations and asset return performance. A substantial majority of plan assets are invested in a globally diversified portfolio of equity securities with smaller holdings of debt securities and other investments. We recognize the cost of benefits provided during retirement over the employees' active working life to determine the obligations and expense related to our retiree benefit plans. Inherent in this concept is the requirement to use various actuarial assumptions to predict and measure costs and obligations many years prior to the settlement date. Major actuarial assumptions that require significant management judgment and have a material impact on the measurement of our consolidated benefits expense and accumulated obligation include the long- term rates of return on plan assets, the health care cost trend rates, the mortality table and improvement scale, and the interest rates used to discount the obligations for our major plans, which cover employees in the United States, United Kingdom and Canada.

Our expense recognition policy for pension and nonpension postretirement benefits is to immediately recognize actuarial gains and losses in our operating results in the year in which they occur. Actuarial gains and losses are recognized annually as of our measurement date, which is our fiscal year- end, or when remeasurement is otherwise required under generally accepted accounting principles.

Additionally, for purposes of calculating the expected return on plan assets related to pension and nonpension postretirement benefits we use the fair value of plan assets.

To conduct our annual review of the long- term rate of return on plan assets, we model expected returns over a 20- year investment horizon with respect to the specific investment mix of each of our major plans. The return assumptions used reflect a combination of rigorous historical performance analysis and forward- looking views of the financial markets including consideration of current yields on long- term bonds, price- earnings ratios of the major stock market indices, and long- term inflation. Our U.S. plan model, corresponding to approximately 71% of our trust assets globally, currently incorporates a long- term inflation assumption of 2.5% and an active management premium of 1% (net of fees) validated by historical analysis and future return expectations. Although we review our expected long- term rates of return annually, our benefit trust investment performance for one particular year does not, by itself, significantly influence our evaluation. Our expected rates of return have generally not been revised, provided these rates continue to fall within a "more likely than not" corridor of between the 25th and 75th percentile of expected long- term returns, as determined by our modeling process. Our assumed rate of return for U.S. plans in 2017 of 8.5% equated to approximately the 62nd percentile expectation of our model. Similar methods are used for various foreign plans with invested assets, reflecting local economic conditions. Foreign trust investments represent approximately 29% of our global benefit plan assets.

Based on consolidated benefit plan assets at December 30, 2017, a 100 basis point increase or decrease in the assumed rate of return would correspondingly increase or decrease 2018 benefits expense by approximately $62 million. For each of the three fiscal years, our actual return on plan assets exceeded (was less than) the recognized assumed return by the following amounts (in millions): 2017- $415; 2016- $84; 2015- $(666).

To conduct our annual review of health care cost trend rates, we model our actual claims cost data over a five- year historical period, including an analysis of pre- 65 versus post- 65 age groups and other important demographic components in our covered retiree population. This data is adjusted to eliminate the impact of plan changes and other factors that would tend to distort the underlying cost inflation trends. Our initial health care cost trend rate is reviewed annually and adjusted as necessary to remain consistent with recent historical experience and our expectations regarding short- term future trends. In comparison to our actual five- year compound annual claims cost growth rate of approximately 5.19%, our initial trend rate for 2018 of 5.75% reflects the expected future impact of faster-growing claims experience for certain demographic groups within our total employee population. Our initial rate is trended downward by 0.25% per year, until the ultimate trend rate of 4.5% is reached. The ultimate trend rate is adjusted annually, as necessary, to approximate the current economic view on the rate of long- term inflation plus an appropriate health care cost premium. Based on consolidated obligations at December 30, 2017, a 100 basis point increase in the assumed health care cost trend rates would increase 2018 benefits expense by approximately $7 million and generate an immediate loss recognition of $117 million. A one percent increase in 2018 health care claims cost over that projected from the assumed trend rate would result in an experience loss of approximately $7 million and would increase 2018 expense by $0.3 million. Any arising health care claims cost- related experience gain or loss is recognized in the year in which they occur. The experience loss arising from recognition of 2017 claims experience was approximately $54 million.

Assumed mortality rates of plan participants are a critical estimate in measuring the expected payments a participant will receive over their lifetime and the amount of expense we recognize. At the end of 2014, we revised our mortality assumption after considering the Society of Actuaries' (SOA) updated mortality tables and improvement scale, as well as other mortality information available from the Social Security Administration to develop assumptions aligned with our expectation of future improvement rates. In determining the appropriate mortality assumptions as of December 30, 2017, we considered the SOA's 2017 updated improvement scale. The SOA's 2017 scale incorporates changes consistent with our view of future mortality improvements established in 2014. Therefore, we adopted the 2017 SOA improvement scale. This change to the mortality assumption decreased the year- end U.S. pension and other postretirement benefit obligations by $21 million and $9 million, respectively.

To conduct our annual review of discount rates, we selected the discount rate based on a cash- flow matching analysis using Willis Towers Watson’s proprietary RATE:Link tool and projections of the future benefit payments constituting the projected benefit obligation for the plans. RATE:Link establishes the uniform discount rate that produces the same present value of the estimated future benefit payments, as is generated by discounting each year’s benefit payments by a spot rate applicable to that year. The spot rates used in this process are derived from a yield curve created from yields on the 40th to 90th percentile of U.S. high quality bonds. A similar methodology is applied in Canada and Europe, except the smaller bond markets imply that yields between the 10th and 90th percentiles are preferable and in the U.K. the underlying yield curve was derived after further adjustments to the universe of bonds to remove bonds from issuers where it is not clear if they are truly corporate bonds. We use a December 31 measurement date for our defined benefit plans. Accordingly, we select yield curves to measure our benefit obligations that are consistent with market indices during December of each year.

Based on consolidated obligations at December 30, 2017, a 25 basis point decline in the yield curve used for benefit plan measurement purposes would decrease 2018 benefits expense by approximately $4 million and would result in an immediate loss recognition of $239 million. All obligation- related actuarial gains and losses are recognized immediately in the year in which they occur.

Despite the previously- described rigorous policies for selecting major actuarial assumptions, we periodically experience material actuarial gains or losses due to differences between assumed and actual experience and due to changing economic conditions. During 2017, we recognized a net actuarial gain of approximately $126 million compared to a net actuarial loss of approximately $307 million in 2016. The total net gain recognized in 2017 was driven by a $415 million gain from better than expected asset returns, offset by a loss of approximately $289 million of plan experience and assumption changes, including declines in the discount rate which were partially offset by the change in mortality assumptions. During 2017, we also recognized curtailment gains of $153 million related to benefit changes and certain events affecting our benefit programs.

Of the total net gain recognized in 2016, approximately $393 million was related to assumption changes, primarily declines in the discount rate which were partially offset by the change in mortality assumptions. The loss was offset by an $84 million gain from better than expected asset returns.

During 2017, we made contributions in the amount of $31 million to Kellogg’s global tax- qualified pension programs. This amount was mostly non- discretionary. Additionally we contributed $13 million to our retiree medical programs.

Income taxes

Our consolidated effective income tax rate is influenced by tax planning opportunities available to us in the various jurisdictions in which we operate. The calculation of our income tax provision and deferred income tax assets and liabilities is complex and requires the use of estimates and judgment.

We recognize tax benefits associated with uncertain tax positions when, in our judgment, it is more likely than not that the positions will be sustained upon examination by a taxing authority. For tax positions that meet the more likely than not recognition threshold, we initially and subsequently measure the tax benefits as the largest amount that we judge to have a greater than 50% likelihood of being realized upon ultimate settlement. Our liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, new or emerging legislation and tax planning. The tax position will be derecognized when it is no longer more likely than not of being sustained. Significant adjustments to our liability for unrecognized tax benefits impacting our effective tax rate are separately presented in the rate reconciliation table of Note 13 within Notes to Consolidated Financial Statements.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (Tax Act). The Tax Act makes broad and complex changes to the U.S. tax code including a one- time transition tax on certain current and accumulated earnings and profits of certain of our foreign subsidiaries. In order to determine the amount of the transition tax, we must determine, in addition to other factors, the amount of post- 1986 earnings and profits (E&P) of the relevant subsidiaries, as well as the amount of non- U.S. income taxes paid on such earnings. E&P is similar to retained earnings of the subsidiary, but requires other adjustments to conform to U.S. tax rules. We are able to make a reasonable estimate of the transition tax and recorded a transition tax obligation of $157 million which we expect to elect to pay over eight years. The current portion of $17 million is included in Other current liabilities and the remainder is included within Other liabilities on the balance sheet. However, we are awaiting further interpretative guidance, continuing to assess available tax methods and elections, and continuing to gather additional information to more precisely compute the amount of the transition tax liability.

In addition to the transition tax, the Tax Act introduced a territorial tax system, which will be effective beginning in 2018. As of the year-ended December 30, 2017, we have accumulated foreign earnings and profits of approximately $2.6 billion, which are primarily in Europe. As our accumulated foreign earnings and profits continue to be indefinitely reinvested and the company is still finalizing its assessment of the territorial tax system and the Tax Act on its indefinite reinvestment assertion on a go- forward basis, it is impracticable for us to estimate a future tax cost for any unrecognized deferred tax liabilities because the actual tax liability, if any, would be dependent on complex analysis and calculations considering various tax laws, exchange rates, circumstances existing when a repatriation, sale, or liquidation occurs, and other factors.

Management monitors the Company’s ability to utilize certain future tax deductions, operating losses and tax credit carryforwards, prior to expiration. Changes resulting from management’s assessment will result in impacts to deferred tax assets and the corresponding impacts on the effective income tax rate. Valuation allowances were recorded to reduce deferred tax assets to an amount that will, more likely than not, be realized in the future.

ACCOUNTING STANDARDS TO BE ADOPTED IN FUTURE PERIODS

Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities. In August 2017, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) intended to simplify hedge accounting by better aligning an entity’s financial reporting for hedging relationships with its risk management activities. The ASU also simplifies the application of the hedge accounting guidance. The new guidance is effective on January 1, 2019, with early adoption permitted. For cash flow hedges existing at the adoption date, the standard requires adoption on a modified retrospective basis with a cumulative- effect adjustment to the Consolidated Balance Sheet as of the beginning of the year of adoption. The amendments to presentation guidance and disclosure requirements are required to be adopted prospectively. We will adopt the new ASU in the first quarter of 2018 and are currently evaluating the impact of adoption.

Improving the Presentation of net Periodic Pension Cost and net Periodic Postretirement Benefit Cost. In March 2017, the FASB issued an ASU to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The ASU requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted, as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been issued or made available for issuance. That is, early adoption should be the first interim period if an entity issues interim financial statements. The amendments in this ASU should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. We will adopt the ASU in the first quarter of 2018. If we had adopted the ASU in the first quarter of 2017, on an as reported basis, the impact to our Corporate segment would have been an increase to COGS and SG&A of $325 million and $217 million, respectively, with an offsetting decrease to other income (expense), net (OIE) of $542 million in the year ended December 30, 2017. For the year ended December 31, 2016, the impact to our Corporate segment would have been a decrease to COGS and SG&A of $54 million and $26 million, respectively, with an offsetting increase to OIE of $80 million. Adoption will have no impact on net income or cash flow. The impact to the Consolidated Balance Sheet at December 30, 2017 and December 31, 2016 would have been immaterial.

On a comparable basis, the impact would have been an increase to COGS and SG&A of $169 million and $99 million, respectively, with an offsetting decrease to OIE of $274 million in the year ended December 30, 2017. On a comparable basis for the year ended December 31, 2016, the impact would have been an increase to COGS and SG&A of $143 million and $82 million, respectively, with an offsetting decrease to OIE of $225 million.

Simplifying the test for goodwill impairment. In January 2017, the FASB issued an ASU to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. The ASU is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments in this ASU should be applied on a prospective basis. We are currently assessing the impact and timing of adoption of this ASU.

Classification of certain cash receipts and payments. In August 2016, the FASB issued an ASU to provide cash flow statement classification guidance for certain cash receipts and payments including (a) debt prepayment or extinguishment costs; (b) contingent consideration payments made after a business combination; (c) insurance settlement proceeds; (d) distributions from equity method investees; (e) beneficial interests in securitization transactions and (f) application of the predominance principle for cash receipts and payments with aspects of more than one class of cash flows. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period, in which case adjustments should be reflected as of the beginning of the fiscal year that includes the interim period. The amendments in this ASU should be applied retrospectively. We will adopt the new ASU in the first quarter of 2018 and are currently evaluating the impact of adoption.

Leases. In February 2016, the FASB issued an ASU which will require the recognition of lease assets and lease liabilities by lessees for all leases with terms greater than 12 months. The distinction between finance leases and operating leases will remain, with similar classification criteria as current GAAP to distinguish between capital and operating leases. The principal difference from current guidance is that the lease assets and lease liabilities arising from operating leases will be recognized on the Consolidated Balance Sheet. Lessor accounting remains substantially similar to current GAAP. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. We will adopt the new ASU in the first quarter of 2019 and are currently evaluating the impact that implementing this ASU will have on our financial statements and disclosures. Please refer to Note 7 for a summary of our undiscounted minimum rental commitments under operating leases as of December 30, 2017.

Recognition and measurement of financial assets and liabilities. In January 2016, the FASB issued an ASU which primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption can be elected for all financial statements of fiscal years and interim periods that have not yet been issued or that have not yet been made available for issuance. Entities should apply the update by means of a cumulative- effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. We will adopt the updated standard in the first quarter of 2018 and do not expect the adoption of this guidance to have a material impact on our financial statements.

Revenue from contracts with customers. In May 2014, the FASB issued an ASU which provides guidance for accounting for revenue from contracts with customers across all industries, with final amendments issued in 2016. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. To achieve that core principle, an entity would be required to apply the following five steps: 1) identify the contract(s) with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract and 5) recognize revenue when (or as) the entity satisfies a performance obligation. The standard also calls for additional disclosures around the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, including significant judgments and changes in judgments. When the ASU was originally issued it was effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption was not permitted. On July 9, 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The updated standard will be effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Entities will be permitted to adopt the new revenue standard early, but not before the original effective date. Entities will have the option to apply the final standard retrospectively or use a modified retrospective method, recognizing the cumulative effect of the ASU in retained earnings at the date of initial application. We will adopt the guidance in the first quarter of 2018 using the full retrospective transition method which requires restating each prior reporting period presented. The adoption is not expected to have a material impact on our financial statements and is limited to timing and classification differences as well as disaggregated revenue disclosures.

FUTURE OUTLOOK

We provide net sales guidance on a currency- neutral basis. On this basis, we expect net sales to be flat in 2018. The October acquisition of RXBAR is expected to contribute 1- 2% growth offset by a 1% decline related to the negative impact of our exit from Direct Store Delivery (DSD) in U.S. Snacks, including list- price adjustments and rationalization of stock- keeping units, and a flat to 1% decrease for the remainder of our business.

From a profitability standpoint, we expect currency- neutral adjusted operating profit to increase 4- 6% during 2018. RXBAR is expected to contribute 1- 2% of this growth, while the remaining growth is driven by remaining Project K and ZBB savings, partially offset by an increase in brand building. The resultant operating profit margin reaches our publicly stated margin- expansion target, excluding the impact of pending accounting changes.

Finally, we expect currency- neutral adjusted EPS to grow in the range of 9 to 11% in 2018. This growth incorporates an effective tax rate of 20- 21%, 5- 6% lower than 2017 as a result of U.S. Tax Reform. The tax benefit is partially offset by the impact of de- leveraging our capital structure and de- risking pension plans by making additional contributions or adjusting target pension asset allocations plans to a more conservative investment mix, which would be accompanied by a reduction in our Expected Return on Assets assumption.

We expect that full- year cash flow will be between $1.2 and $1.3 billion, with year on year growth driven by higher net income, sustained working capital improvement, and the benefits of U.S. Tax Reform. Our guidance includes remaining cash outlays related to Project K and capital expenditures of approximately $500 million.

2018 Non- GAAP Financial Measures

Starting in 2018, the Company is modifying its presentation of non- GAAP measurements. This modification aligns with how the Company assesses its reporting segments, which now includes the delivery of objectives for acquired businesses, and presents performance in a way that is more simple and useful to investors, using nomenclature that is used by peer companies. Non- GAAP financial measures used for 2018 guidance include organic net sales, adjusted operating profit, adjusted diluted EPS, and cash flow. These non- GAAP financial measures are also evaluated for year- over- year growth and on a currency- neutral basis to evaluate the underlying growth of the business and to exclude the effect of foreign currency. 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. These non- GAAP financial measures may not be comparable to similar measures used by other companies.

- Currency- neutral net sales and organic net sales: We adjust the GAAP financial measure to exclude the impact of foreign currency, resulting in currency- neutral sales. In addition, we exclude the impact of acquisitions, dispositions, related integration costs, shipping day differences, and foreign currency, resulting in organic net sales. We excluded the items which we believe may obscure trends in our underlying net sales performance. By providing these non- GAAP net sales measures, management intends to provide investors with a meaningful, consistent comparison of net sales performance for the Company and each of our reportable segments for the periods presented. Management uses these non- GAAP measures to evaluate the effectiveness of initiatives behind net sales growth, pricing realization, and the impact of mix on our business results. These non- GAAP measures are also used to make decisions regarding the future direction of our business, and for resource allocation decisions.
- Currency- neutral adjusted operating profit and adjusted diluted EPS: We adjust the GAAP financial measures to exclude the effect of Project K and cost reduction activities, mark- to- market adjustments for

pension plans, commodities and certain foreign currency contracts. We excluded the items which we believe may obscure trends in our underlying profitability. By providing these non- GAAP profitability measures, management intends to provide investors with a meaningful, consistent comparison of the Company's profitability measures for the periods presented. Management uses these non-GAAP financial measures to evaluate the effectiveness of initiatives intended to improve profitability, such as Project K, ZBB and Revenue Growth Management, to assess performance of newly acquired businesses, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives within each of our segments. Currency- neutral adjusted represents adjusted excluding foreign currency impact.

- Cash flow: Defined as net cash provided by operating activities reduced by expenditures for property additions. Cash flow does not represent the residual cash flow available for discretionary expenditures. We use this non- GAAP financial measure of cash flow to focus management and investors on the amount of cash available for debt repayment, dividend distributions, acquisition opportunities, and share repurchases once all of the Company's business needs and obligations are met. Additionally, certain performance- based compensation includes a component of this non- GAAP measure.

We are unable to reasonably estimate the potential full- year financial impact of mark- to- market adjustments because these impacts are dependent on future changes in market conditions (interest rates, return on assets, and commodity prices) or future decisions to be made by our management team and Board of Directors, including decisions on future acquisitions or dispositions. Similarly, because of volatility in foreign exchange rates and shifting country mix of our international earnings, we are unable to reasonably estimate the potential full- year financial impact of foreign currency translation.

As a result, these impacts are not included in the guidance provided. Therefore, we are unable to provide a full reconciliation of these non- GAAP measures used in our guidance without unreasonable effort as certain information necessary to calculate such measure 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 projected impact of certain other items that are excluded from non- GAAP guidance are shown below:

Impact of certain items excluded from non- GAAP guidance:	**Net Sales**	**Operating Profit**	**Effective Tax Rate**	**Earnings Per Share**
Project K and cost restructuring activities		$90- 110M		$0.27- 0.32
Income Tax benefit applicable to adjustments, net**				$0.05- 0.06
Currency- neutral adjusted guidance	**Flat**	**4- 6%**	**20- 21%**	**9- 11%**

* 2018 full year guidance for net sales, operating profit, and earnings per share are provided on a non- GAAP 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

(billions)

	Approximate Full Year 2018
Net cash provided by (used in) operating activities	**$1.7 - $1.8**
Additions to properties	**~($.5)**
Cash Flow	**$1.2 - $1.3**

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our company is exposed to certain market risks, which exist as a part of our ongoing business operations. We use derivative financial and commodity instruments, where appropriate, to manage these risks. As a matter of policy, we do not engage in trading or speculative transactions. Refer to Note 14 within Notes to Consolidated Financial Statements for further information on our derivative financial and commodity instruments.

Foreign exchange risk

Our company is exposed to fluctuations in foreign currency cash flows related primarily to third- party purchases, intercompany transactions, and when applicable, nonfunctional currency denominated third- party debt. Our company is also exposed to fluctuations in the value of foreign currency investments in subsidiaries and cash flows related to repatriation of these investments. Additionally, our company is exposed to volatility in the translation of foreign currency denominated earnings to U.S. dollars. Primary exposures include the U.S. dollar versus the euro, British pound, Mexican peso, Australian dollar, Canadian dollar, Russian ruble, Brazilian Real and Nigerian Naira and in the case of inter- subsidiary transactions, the British pound versus the euro. We assess foreign currency risk based on transactional cash flows and translational volatility and may enter into forward contracts, options, and currency swaps to reduce fluctuations in long or short currency positions. Forward contracts and options are generally less than 18 months duration. Currency swap agreements may be established in conjunction with the term of underlying debt issuances.

The total notional amount of foreign currency derivative instruments at year- end 2017 was $2.2 billion, representing a settlement obligation of $4 million. The total notional amount of foreign currency derivative instruments at year- end 2016 was $1.4 billion, representing a settlement receivable of $16 million. All of these derivatives were hedges of anticipated transactions, translational exposure, or existing assets or liabilities, and mature within 18 months. Assuming an unfavorable 10% change in year- end exchange rates, the settlement obligation would have increased by $71 million at year- end 2017 and the settlement receivable at year- end 2016 would have become a settlement obligation of $46 million. These unfavorable changes would generally have been offset by favorable changes in the values of the underlying exposures.

Interest rate risk

Our company is exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing and future issuances of variable rate debt. Primary exposures include movements in U.S. Treasury rates, London Interbank Offered Rates (LIBOR), and commercial paper rates. We periodically use interest rate swaps and forward interest rate contracts to reduce interest rate volatility and funding costs associated with certain debt issues, and to achieve a desired proportion of variable versus fixed rate debt, based on current and projected market conditions.

During 2017 and 2016, we entered into interest rate swaps, and in some instances terminated interest rate swaps, in connection with certain U.S. Dollar and Euro Notes. Refer to Note 8 within Notes to Consolidated Financial Statements. The total notional amount of interest rate swaps at year- end 2017 was $2.3 billion, representing a settlement obligation of $54 million. The total notional amount of interest rate swaps at year- end 2016 was $2.2 billion, representing a settlement obligation of $64 million. Assuming average variable rate debt levels during the year, a one percentage point increase in interest rates would have increased interest expense by approximately $27 million and $17 million at year- end 2017 and 2016, respectively.

Price risk

Our company is exposed to price fluctuations primarily as a result of anticipated purchases of raw and packaging materials, fuel, and energy. Primary exposures include corn, wheat, potato flakes, soybean oil, sugar, cocoa, cartonboard, natural gas, and diesel fuel. We have historically used the combination of long- term contracts with suppliers, and exchange- traded futures and option contracts to reduce price fluctuations in a desired percentage of forecasted raw material purchases over a duration of generally less than 18 months.

The total notional amount of commodity derivative instruments at year- end 2017 was $544 million, representing a settlement obligation of approximately $1 million. The total notional amount of commodity derivative instruments at year- end 2016 was $437 million, representing a settlement receivable of approximately $6 million. Assuming a 10% decrease in year- end commodity prices, the settlement obligation would have increased by $41 million at year- end 2017, and the settlement obligation would have increased by approximately $20 million at year- end 2016, generally offset by a reduction in the cost of the underlying commodity purchases.

In addition to the commodity derivative instruments discussed above, we use long- term contracts with suppliers to manage a portion of the price exposure associated with future purchases of certain raw materials, including rice, sugar, cartonboard, and corrugated boxes. It should be noted the exclusion of these contracts from the analysis above could be a limitation in assessing the net market risk of our company.

Reciprocal collateralization agreements

In some instances we have reciprocal collateralization agreements with counterparties regarding fair value positions in excess of certain thresholds. These agreements call for the posting of collateral in the form of cash, treasury securities or letters of credit if a net liability position to us or our counterparties exceeds a certain amount. As of December 30, 2017 and December 31, 2016, we had posted collateral of $20 million and $41 million, respectively, in the form of cash, which was reflected as an increase in accounts receivable, net on the Consolidated Balance Sheet. As of December 30, 2017 and December 31, 2016, we posted $17 million and $7 million, respectively, in margin deposits for exchange- traded commodity derivative instruments, which was reflected as an increase in accounts receivable, net on the Consolidated Balance Sheet.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Kellogg Company and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

(millions, except per share data)	**2017**	2016	2015
Net sales	**$ 12,923**	$ 13,014	$ 13,525
Cost of goods sold	**7,901**	8,259	8,844
Selling, general and administrative expense	**3,076**	3,360	3,590
Operating profit	**$ 1,946**	$ 1,395	$ 1,091
Interest expense	**256**	406	227
Other income (expense), net	**(16)**	(62)	(91)
Income before income taxes	**1,674**	927	773
Income taxes	**412**	233	159
Earnings (loss) from unconsolidated entities	**7**	1	—
Net income	**$ 1,269**	$ 695	$ 614
Net income (loss) attributable to noncontrolling interests	**—**	1	—
Net income attributable to Kellogg Company	**$ 1,269**	$ 694	$ 614
Per share amounts:			
Basic	**$ 3.65**	$ 1.98	$ 1.74
Diluted	**$ 3.62**	$ 1.96	$ 1.72
Dividends per share	**$ 2.12**	$ 2.04	$ 1.98

Refer to Notes to Consolidated Financial Statements.

Kellogg Company and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017			2016			2015		
(millions)	**Pre-tax amount**	**Tax (expense) benefit**	**After-tax amount**	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			**$ 1,269**			$ 695			$ 614
Other comprehensive income:									
Foreign currency translation adjustments	**$ (34)**	**$ 113**	**79**	$ (230)	$ (24)	(254)	$ (170)	$ (26)	(196)
Cash flow hedges:									
Unrealized gain (loss) on cash flow hedges	**—**	**—**	**—**	(55)	22	(33)	8	(3)	5
Reclassification to net income	**9**	**(3)**	**6**	11	(6)	5	(23)	3	(20)
Postretirement and postemployment benefits:									
Amounts arising during the period:									
Net experience gain (loss)	**44**	**(12)**	**32**	25	(9)	16	—	—	—
Prior service credit (cost)	**—**	**—**	**—**	(4)	2	(2)	63	(24)	39
Reclassification to net income:									
Net experience loss	**—**	**—**	**—**	3	(1)	2	3	(1)	2
Prior service cost	**1**	**—**	**1**	5	(1)	4	9	(3)	6
Venezuela deconsolidation loss	**—**	**—**	**—**	63	—	63	—	—	—
Other comprehensive income (loss)	**$ 20**	**$ 98**	**$ 118**	$ (182)	$ (17)	$ (199)	$ (110)	$ (54)	$ (164)
Comprehensive income			**$ 1,387**			$ 496			$ 450
Net income (loss) attributable to noncontrolling interests			**—**			1			—
Other comprehensive income (loss) attributable to noncontrolling interests			**—**			—			(1)
Comprehensive income attributable to Kellogg Company			**$ 1,387**			$ 495			$ 451

Refer to notes to Consolidated Financial Statements.

Kellogg Company and Subsidiaries

CONSOLIDATED BALANCE SHEET

(millions, except share data)	2017	2016
Current assets		
Cash and cash equivalents	**$ 281**	$ 280
Accounts receivable, net	**1,389**	1,231
Inventories	**1,217**	1,238
Other current assets	**149**	191
Total current assets	**3,036**	2,940
Property, net	**3,716**	3,569
Goodwill	**5,504**	5,166
Other intangibles, net	**2,639**	2,369
Investment in unconsolidated entities	**429**	438
Other assets	**1,026**	629
Total assets	**$ 16,350**	$ 15,111
Current liabilities		
Current maturities of long- term debt	**$ 409**	$ 631
Notes payable	**370**	438
Accounts payable	**2,269**	2,014
Other current liabilities	**1,431**	1,391
Total current liabilities	**4,479**	4,474
Long- term debt	**7,836**	6,698
Deferred income taxes	**363**	525
Pension liability	**839**	1,024
Other liabilities	**605**	464
Commitments and contingencies		
Equity		
Common stock, $.25 par value, 1,000,000,000 shares authorized Issued: 420,514,582 shares in 2017 and 420,472,901 shares in 2016	**105**	105
Capital in excess of par value	**878**	806
Retained earnings	**7,103**	6,571
Treasury stock, at cost 74,911,865 shares in 2017 and 69,403,567 shares in 2016	**(4,417)**	(3,997)
Accumulated other comprehensive income (loss)	**(1,457)**	(1,575)
Total Kellogg Company equity	**2,212**	1,910
Noncontrolling interests	**16**	16
Total equity	**2,228**	1,926
Total liabilities and equity	**$ 16,350**	$ 15,111

Refer to Notes to Consolidated Financial Statements.

Kellogg Company and Subsidiaries

CONSOLIDATED STATEMENT OF EQUITY

(millions)	Common stock shares	Common stock amount	Capital in excess of par value	Retained earnings	Treasury stock shares	Treasury stock amount	Accumulated other comprehensive income (loss)	Total Kellogg Company equity	Non-controlling interests	Total equity
Balance, January 3, 2015	420	$ 105	$ 678	$ 6,689	64	$ (3,470)	$ (1,213)	$ 2,789	$ 62	$ 2,851
Common stock repurchases					11	(731)		(731)		(731)
Net income (loss)				614				614	—	614
Acquisition of noncontrolling interest								—	7	7
VIE deconsolidation								—	(58)	(58)
Dividends				(700)				(700)		(700)
Other comprehensive income							(163)	(163)	(1)	(164)
Stock compensation			51					51		51
Stock options exercised and other			16	(6)	(5)	258		268		268
Balance, January 2, 2016	420	$ 105	$ 745	$ 6,597	70	$ (3,943)	$ (1,376)	$ 2,128	$ 10	$ 2,138
Common stock repurchases					6	(426)		(426)		(426)
Net income (loss)				694				694	1	695
Acquisition of noncontrolling interest								—	5	5
Dividends				(716)				(716)		(716)
Other comprehensive loss							(199)	(199)	—	(199)
Stock compensation			63					63		63
Stock options exercised and other			(2)	(4)	(7)	372		366		366
Balance, December 31, 2016	420	$ 105	$ 806	$ 6,571	69	$ (3,997)	$ (1,575)	$ 1,910	$ 16	$ 1,926
Common stock repurchases					7	(516)		(516)		(516)
Net income (loss)				1,269				1,269	—	1,269
Acquisition of noncontrolling interest								—	—	—
Dividends				(736)				(736)		(736)
Other comprehensive loss							118	118	—	118
Stock compensation			66					66		66
Stock options exercised and other	1		6	(1)	(1)	96		101		101
Balance, December 30, 2017	**421**	**$ 105**	**$ 878**	**$ 7,103**	**75**	**$ (4,417)**	**$ (1,457)**	**$ 2,212**	**$ 16**	**$ 2,228**

Refer to Notes to Consolidated Financial Statements.

Kellogg Company and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

(millions)	**2017**	2016	2015
Operating activities			
Net income	**$ 1,269**	$ 695	$ 614
Adjustments to reconcile net income to operating cash flows:			
Depreciation and amortization	**481**	517	534
Postretirement benefit plan expense	**(427)**	198	320
Deferred income taxes	**(56)**	(26)	(169)
Stock compensation	**66**	63	51
Venezuela deconsolidation	**—**	72	—
Venezuela remeasurement	**—**	11	169
VIE deconsolidation	**—**	—	(49)
Noncurrent income taxes payable	**144**	(12)	(21)
Other	**27**	(62)	8
Postretirement benefit plan contributions	**(44)**	(33)	(33)
Changes in operating assets and liabilities, net of acquisitions:			
Trade receivables	**(57)**	21	(127)
Inventories	**80**	7	(42)
Accounts payable	**193**	124	427
Accrued income taxes	**(29)**	4	29
Accrued interest expense	**3**	7	5
Accrued and prepaid advertising, promotion and trade allowances	**34**	14	7
Accrued salaries and wages	**(27)**	(7)	20
All other current assets and liabilities	**(11)**	35	(52)
Net cash provided by (used in) operating activities	**$ 1,646**	$ 1,628	$ 1,691
Investing activities			
Additions to properties	**$ (501)**	$ (507)	$ (553)
Acquisitions, net of cash acquired	**(592)**	(398)	(161)
Reduction of cash due to Venezuela deconsolidation	**—**	(2)	—
Investments in unconsolidated entities	**—**	27	(456)
Acquisition of cost method investments	**(7)**	(2)	—
Other	**6**	(11)	43
Net cash provided by (used in) investing activities	**$ (1,094)**	$ (893)	$ (1,127)
Financing activities			
Net increase (reduction) of notes payable, with maturities less than or equal to 90 days	**153**	(918)	443
Issuances of notes payable, with maturities greater than 90 days	**17**	1,961	214
Reductions of notes payable, with maturities greater than 90 days	**(238)**	(1,831)	(283)
Issuances of long- term debt	**1,251**	2,657	696
Reductions of long- term debt	**(632)**	(1,737)	(606)
Net issuances of common stock	**97**	368	261
Common stock repurchases	**(516)**	(426)	(731)
Cash dividends	**(736)**	(716)	(700)
Net cash provided by (used in) financing activities	**$ (604)**	$ (642)	$ (706)
Effect of exchange rate changes on cash and cash equivalents	**53**	(64)	(50)
Increase (decrease) in cash and cash equivalents	**$ 1**	$ 29	$ (192)
Cash and cash equivalents at beginning of period	**280**	251	443
Cash and cash equivalents at end of period	**$ 281**	$ 280	$ 251
Supplemental cash flow disclosures:			
Interest paid	**$ 258**	$ 405	$ 228
Income taxes paid	**$ 352**	$ 256	$ 337
Supplemental cash flow disclosures of non- cash investing activities:			
Additions to properties included in accounts payable	**$ 151**	$ 161	$ 147

Refer to Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

NOTE 1

ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements include the accounts of the Kellogg Company, those of the subsidiaries that it controls due to ownership of a majority voting interest and the accounts of the variable interest entities (VIEs) of which Kellogg Company is the primary beneficiary (Kellogg or the Company). The Company continually evaluates its involvement with VIEs to determine whether it has variable interests and is the primary beneficiary of the VIE. When these criteria are met, the Company is required to consolidate the VIE. The Company’s share of earnings or losses of nonconsolidated affiliates is included in its consolidated operating results using the equity method of accounting when it is able to exercise significant influence over the operating and financial decisions of the affiliate. The Company uses the cost method of accounting if it is not able to exercise significant influence over the operating and financial decisions of the affiliate. Intercompany balances and transactions are eliminated.

The Company’s fiscal year normally ends on the Saturday closest to December 31 and as a result, a 53rd week is added approximately every sixth year. The Company’s 2017, 2016 and 2015 fiscal years each contained 52 weeks and ended on December 30, 2017, December 31, 2016, and January 2, 2016, respectively.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods reported. Actual results could differ from those estimates.

Cash and cash equivalents

Highly liquid investments with remaining stated maturities of three months or less when purchased are considered cash equivalents and recorded at cost.

Accounts receivable

Accounts receivable consists principally of trade receivables, which are recorded at the invoiced amount, net of allowances for doubtful accounts and prompt payment discounts. Trade receivables do not bear interest. The allowance for doubtful accounts represents management’s estimate of the amount of probable credit losses in existing accounts receivable, as determined from a review of past due balances and other specific account data. Account balances are written off against the allowance when management determines the receivable is uncollectible. As of year- end 2017 and 2016, the Company's off- balance sheet credit exposure related to its customers was immaterial. Please refer to Note 2 for information on sales of accounts receivable.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on an average cost basis.

Property

The Company’s property consists mainly of plants and equipment used for manufacturing activities. These assets are recorded at cost and depreciated over estimated useful lives using straight- line methods for financial reporting and accelerated methods, where permitted, for tax reporting. Major property categories are depreciated over various periods as follows (in years): manufacturing machinery and equipment 5- 30; office equipment 4- 5; computer equipment and capitalized software 3- 7; building components 15- 25; building structures 30- 50. Cost includes interest associated with significant capital projects. Plant and equipment are reviewed for impairment when conditions indicate that the carrying value may not be recoverable. Such conditions include an extended period of idleness or a plan of disposal. Assets to be disposed of at a future date are depreciated over the remaining period of use. Assets to be sold are written down to realizable value at the time the assets are being actively marketed for sale and a sale is expected to occur within one year. As of year- end 2017 and 2016, the carrying value of assets held for sale was immaterial.

Goodwill and other intangible assets

Goodwill and indefinite- lived intangibles are not amortized, but are tested at least annually for impairment of value and whenever events or changes in circumstances indicate the carrying amount of the asset may be impaired. An intangible asset with a finite life is amortized on a straight- line basis over the estimated useful life.

For the goodwill impairment test, the fair value of the reporting units are estimated based on market multiples. This approach employs market multiples based on earnings before interest, taxes, depreciation and amortization and earnings for companies that are comparable to the Company's reporting units. In the event the fair value determined using the market multiple approach is close to carrying value, the Company may supplement the fair value determination using discounted cash flows. The assumptions used for the impairment test are consistent with those utilized by a market participant performing similar valuations for the Company's reporting units.

Similarly, impairment testing of other intangible assets requires a comparison of carrying value to fair value of that particular asset. Fair values of non- goodwill intangible assets are based primarily on projections of future cash flows to be generated from that asset. For instance, cash flows related to a particular trademark would be based on a projected royalty stream attributable to branded product sales, discounted at rates consistent with rates used by market participants.

These estimates are made using various inputs including historical data, current and anticipated market conditions, management plans, and market comparables.

Accounts payable

The Company has agreements with third parties to provide accounts payable tracking systems which facilitate participating suppliers' ability to monitor and, if elected, sell payment obligations from the Company to designated third- party financial institutions. Participating suppliers may, at their sole discretion, make offers to sell one or more payment obligations of the Company prior to their scheduled due dates at a discounted price to participating financial institutions. The Company's goal in entering into the agreements is to capture overall supplier savings, in the form of payment terms or vendor funding, created by facilitating suppliers' ability to sell payment obligations, while providing them with greater working capital flexibility. The Company has no economic interest in the sale of these suppliers' receivables and no direct financial relationship with the financial institutions concerning these services. The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to sell amounts under the arrangements. However, the Company's right to offset balances due from suppliers against payment obligations is restricted by the agreements for those payment obligations that have been sold by suppliers. As of December 30, 2017, $850 million of the Company's outstanding payment obligations had been placed in the accounts payable tracking system, and participating suppliers had sold $674 million of those payment obligations to participating financial institutions. As of December 31, 2016, $677 million of the Company's outstanding payment obligations had been placed in the accounts payable tracking system, and participating suppliers had sold $507 million of those payment obligations to participating financial institutions.

Revenue recognition

The Company recognizes sales upon delivery of its products to customers. Revenue, which includes shipping and handling charges billed to the customer, is reported net of applicable provisions for discounts, returns, allowances, and various government withholding taxes. Methodologies for determining these provisions are dependent on local customer pricing and promotional practices, which range from contractually fixed percentage price reductions to reimbursement based on actual occurrence or performance. Where applicable, future reimbursements are estimated based on a combination of historical patterns and future expectations regarding specific in- market product performance.

Advertising and promotion

The Company expenses production costs of advertising the first time the advertising takes place. Advertising expense is classified in selling, general and administrative (SGA) expense.

The Company classifies promotional payments to its customers, the cost of consumer coupons, and other cash redemption offers in net sales. The cost of promotional package inserts is recorded in cost of goods sold (COGS). Other types of consumer promotional expenditures are recorded in SGA expense.

Research and development

The costs of research and development (R&D) are expensed as incurred and are classified in SGA expense. R&D includes expenditures for new product and process innovation, as well as significant technological improvements to existing products and processes. The Company's R&D expenditures primarily consist of internal salaries, wages, consulting, and supplies attributable to time spent on R&D activities. Other costs include depreciation and maintenance of research facilities and equipment, including assets at manufacturing locations that are temporarily engaged in pilot plant activities.

Stock- based compensation

The Company uses stock- based compensation, including stock options, restricted stock, restricted stock units, and executive performance shares, to provide long- term performance incentives for its global workforce.

The Company classifies pre- tax stock compensation expense in SGA and COGS expense within its corporate operations. Expense attributable to awards of equity instruments is recorded in capital in excess of par value in the Consolidated Balance Sheet.

Certain of the Company’s stock- based compensation plans contain provisions that accelerate vesting of awards upon retirement, disability, or death of eligible employees and directors. A stock- based award is considered vested for expense attribution purposes when the employee’s retention of the award is no longer contingent on providing subsequent service. Accordingly, the Company recognizes compensation cost immediately for awards granted to retirement- eligible individuals or over the period from the grant date to the date retirement eligibility is achieved, if less than the stated vesting period.

The Company recognizes compensation cost for stock option awards that have a graded vesting schedule on a straight- line basis over the requisite service period for the entire award.

Income taxes

The Company recognizes uncertain tax positions based on a benefit recognition model. Provided that the tax position is deemed more likely than not of being sustained, the Company recognizes the largest amount of tax benefit that is greater than 50 percent likely of being ultimately realized upon settlement. The tax position is derecognized when it is no longer more likely than not of being sustained. The Company classifies income tax- related interest and penalties as interest expense and SGA expense, respectively, on the Consolidated Statement of Income. The current portion of the Company’s unrecognized tax benefits is presented in the Consolidated Balance Sheet in other current assets and other current liabilities, and the amounts expected to be settled after one year are recorded in other assets and other liabilities.

As of December 30, 2017 substantially all foreign earnings were considered permanently invested. As the Company's accumulated foreign earnings and profits continue to be indefinitely reinvested and the company is still finalizing its assessment of the territorial tax system and the Tax Act on its indefinite reinvestment assertion on a go- forward basis, it is impracticable for the Company to estimate a future tax cost for any unrecognized deferred tax liabilities because the actual tax liability, if any, would be dependent on complex analyses and calculations considering various tax laws, exchange rates, circumstances existing when a repatriation, sale, or liquidation occurs, and other factors.

Management monitors the Company’s ability to utilize certain future tax deductions, operating losses and tax credit carryforwards, prior to expiration. Changes resulting from management’s assessment will result in impacts to deferred tax assets and the corresponding impacts on the effective income tax rate. Valuation allowances were recorded to reduce deferred tax assets to an amount that will, more likely than not, be realized in the future.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act includes a provision designed to tax currently global intangible low taxed income (GILTI) starting in 2018. Under the provision, a U.S. shareholder is required to include in gross income the amount of its GILTI, which is 50% of the excess of the shareholder’s net tested income of its controlled foreign corporation over the deemed tangible income return. The amount of GILTI included by a U.S. shareholder is computed by aggregating all controlled foreign corporations (CFC). Shareholders are allowed to claim a foreign tax credit for 80 percent of the taxes paid or accrued with respect to the tested income of each CFC, subject to some limitations.

Beginning in 2018, the Company intends to account for the GILTI as a period cost and will include a provisional estimate for GILTI in its Q1 2018 effective tax rate. The FASB staff has indicated that a company should make and disclose a policy election as to whether it will (1) recognize deferred taxes for basis differences expected to reverse as GILTI or (2) account for GILTI as a period cost if and when incurred. The Company is currently applying the SAB 118 guidance to the selection of a GILTI accounting policy election and, therefore, as of December 30, 2017, the determination of its GILTI accounting policy is not complete. The Company intends to finalize its GILTI accounting policy in 2018 during the measurement period.

Derivative Instruments

The fair value of derivative instruments is recorded in other current assets, other assets, other current liabilities or other liabilities. Gains and losses representing either hedge ineffectiveness, hedge components excluded from the assessment of effectiveness, or hedges of translational exposure are recorded in the Consolidated Statement of Income in other income (expense), net (OIE). In the Consolidated Statement of Cash Flows, settlements of cash flow and fair value hedges are classified as an operating activity; settlements of all other derivative instruments, including instruments for which hedge accounting has been discontinued, are classified consistent with the nature of the instrument.

Cash flow hedges. Qualifying derivatives are accounted for as cash flow hedges when the hedged item is a forecasted transaction. Gains and losses on these instruments are recorded in other comprehensive income until the underlying transaction is recorded in earnings. When the hedged item is realized, gains or losses are reclassified from accumulated other comprehensive income (loss) (AOCI) to the Consolidated Statement of Income on the same line item as the underlying transaction.

Fair value hedges. Qualifying derivatives are accounted for as fair value hedges when the hedged item is a recognized asset, liability, or firm commitment. Gains and losses on these instruments are recorded in earnings, offsetting gains and losses on the hedged item.

Net investment hedges. Qualifying derivative and nonderivative financial instruments are accounted for as net investment hedges when the hedged item is a nonfunctional currency investment in a subsidiary. Gains and losses on these instruments are included in foreign currency translation adjustments in AOCI.

Derivatives not designated for hedge accounting. Gains and losses on these instruments are recorded in the Consolidated Statement of Income, on the same line item as the underlying hedged item.

Foreign currency exchange risk. The Company is exposed to fluctuations in foreign currency cash flows related primarily to third- party purchases, intercompany transactions and when applicable, nonfunctional currency denominated third- party debt. The Company is also exposed to fluctuations in the value of foreign currency investments in subsidiaries and cash flows related to repatriation of these investments. Additionally, the Company is exposed to volatility in the translation of foreign currency denominated earnings to U.S. dollars. Management assesses foreign currency risk based on transactional cash flows and translational volatility and may enter into forward contracts, options, and currency swaps to reduce fluctuations in long or short currency positions.

Forward contracts and options are generally less than 18 months duration. Currency swap agreements are established in conjunction with the term of underlying debt issues.

For foreign currency cash flow and fair value hedges, the assessment of effectiveness is generally based on changes in spot rates. Changes in time value are reported in OIE.

Interest rate risk. The Company is exposed to interest rate volatility with regard to future issuances of fixed rate debt and existing and future issuances of variable rate debt. The Company periodically uses interest rate swaps, including forward- starting swaps, to reduce interest rate volatility and funding costs associated with certain debt issues, and to achieve a desired proportion of variable versus fixed rate debt, based on current and projected market conditions.

Fixed- to- variable interest rate swaps are accounted for as fair value hedges and the assessment of effectiveness is based on changes in the fair value of the underlying debt, using incremental borrowing rates currently available on loans with similar terms and maturities.

Price risk. The Company is exposed to price fluctuations primarily as a result of anticipated purchases of raw and packaging materials, fuel, and energy. The Company has historically used the combination of long- term contracts with suppliers, and exchange- traded futures and option contracts to reduce price fluctuations in a desired percentage of forecasted raw material purchases over a duration of generally less than 18 months.

Pension benefits, nonpension postretirement and postemployment benefits

The Company sponsors a number of U.S. and foreign plans to provide pension, health care, and other welfare benefits to retired employees, as well as salary continuance, severance, and long- term disability to former or inactive employees.

The recognition of benefit expense is based on actuarial assumptions, such as discount rate, long- term rate of compensation increase, long- term rate of return on plan assets and health care cost trend rate, and is reported in COGS and SGA expense on the Consolidated Statement of Income.

Postemployment benefits. The Company recognizes an obligation for postemployment benefit plans that vest or accumulate with service. Obligations associated with the Company's postemployment benefit plans, which are unfunded, are included in other current liabilities and other liabilities on the Consolidated Balance Sheet. All gains and losses are recognized over the average remaining service period of active plan participants.

Postemployment benefits that do not vest or accumulate with service or benefits to employees in excess of those specified in the respective plans are expensed as incurred.

Pension and nonpension postretirement benefits. The Company recognizes actuarial gains and losses in operating results in the year in which they occur. Experience gains and losses are recognized annually as of the measurement date, which is the Company's fiscal year- end, or when remeasurement is otherwise required under generally accepted accounting principles. The Company uses the fair value of plan assets to calculate the expected return on plan assets.

Reportable segments are allocated service cost and amortization of prior service cost. All other components of pension and postretirement benefit expense, including interest cost, expected return on assets, and experience gains and losses are considered unallocated corporate costs and are not included in the measure of reportable segment operating results. See Note 18 for more information on reportable segments. Management reviews the Company's expected long- term rates of return annually; however, the benefit trust investment performance for one particular year does not, by itself, significantly influence this evaluation. The expected rates of return are generally not revised provided these rates fall between the 25th and 75th percentile of expected long- term returns, as determined by the Company's modeling process.

For defined benefit pension and postretirement plans, the Company records the net overfunded or underfunded position as a pension asset or pension liability on the Consolidated Balance Sheet.

New accounting standards

Income Taxes. In October 2016, the Financial Accounting Standards Board (FASB), as part of their simplification initiative, issued an Accounting Standards Update (ASU) to improve the accounting for income tax consequences of intra- entity transfers of assets other than inventory. Current Generally Accepted Accounting Principles (GAAP) prohibit recognition of current and deferred income taxes for intra- entity asset transfers until the asset has been sold to an outside party, which is an exception to the principle of comprehensive recognition of current and deferred income taxes in GAAP. The amendments in the ASU eliminate the exception, such that entities should recognize the income tax consequences of an intra- entity transfer of an asset other than inventory when the transfer occurs. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted, as of the beginning of an annual reporting period for which financial statements have not been issued or made available for issuance. That is, early adoption should be the first interim period if an entity issues interim financial statements. The amendments in this ASU should be applied on a modified retrospective basis through a cumulative- effect adjustment directly to retained earnings as of the period of adoption. The Company early adopted the ASU in the first quarter of 2017. As a result of intercompany transfers of intellectual property, the Company recorded a $39 million reduction in income tax expense during the year ended December 30, 2017. Upon adoption, there was no cumulative effect adjustment to retained earnings.

Improvements to employee share- based payment accounting. In March 2016, the FASB issued an ASU as part of its simplification initiative. The Company early adopted the accounting standard update in the first quarter of 2016. The ASU includes multiple provisions intended to simplify various aspects of the accounting for share- based payments. The main provisions of the ASU are as follows:

- Excess tax benefits and deficiencies for share- based payments are recorded as an adjustment of income taxes and reflected in operating cash flows after adoption of this ASU. Excess tax benefits and deficiencies were previously recorded in equity and as financing cash flows prior to adoption of this ASU. See Note 13 for information on the impact of this accounting change.
- The guidance allows the employer to withhold up to the maximum statutory tax rates in the applicable jurisdictions without triggering liability accounting. The Company's accounting treatment of outstanding equity awards was not impacted by its adoption of this provision of the ASU.

• The guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. The Company is not making this election, and will continue to account for forfeitures on an estimated basis.

Practical expedient for the measurement date of an employer's defined benefit obligation and plan assets. In April 2015, the FASB issued an ASU to provide a practical expedient for the measurement date of an employer’s defined benefit obligation and plan assets. For an entity with a fiscal year- end that does not coincide with a month- end, the amendments in this Update provide a practical expedient that permits the entity to measure defined benefit plan assets and obligations using the month- end that is closest to the entity’s fiscal year- end and apply that practical expedient consistently to all plans from year to year. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted. Entities should apply the new guidance on a prospective basis. The Company early adopted the updated standard when measuring the fair value of plan assets at the end of its 2015 fiscal year with no impact to the Consolidated Financial Statements.

Simplifying the Measurement of Inventory. In July 2015, the FASB issued an ASU to simplify the measurement of inventory. The ASU requires that inventory be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Company adopted the updated standard in the first quarter of 2017 with no material impact to the financial statements,

Balance sheet classification of deferred taxes. In November 2015, the FASB issued an ASU to simplify the presentation of deferred income taxes. The ASU requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. Entities should apply the new guidance either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company early adopted the updated standard in the first quarter of 2016, on a prospective basis. The year- end 2015 balance for current deferred tax assets and liabilities was $227 million and $(9) million, respectively. Please see Note 13 for more information on the Company’s deferred tax assets and liabilities. Prior period balances have not been adjusted.

Simplifying the accounting for measurement- period adjustments. In September 2015, the FASB issued an ASU to simplify the accounting for measurement- period adjustments for items in a business combination. The ASU requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Entities should apply the new guidance prospectively to adjustments to provisional amounts that occur after the effective date of the ASU with earlier application permitted for financial statements that have not been issued. The Company adopted the updated standard in the first quarter of 2016 with no material impact to the financial statements.

Accounting standards to be adopted in future periods

Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities. In August 2017, the FASB issued an ASU intended to simplify hedge accounting by better aligning an entity’s financial reporting for hedging relationships with its risk management activities. The ASU also simplifies the application of the hedge accounting guidance. The new guidance is effective on January 1, 2019, with early adoption permitted. For cash flow hedges existing at the adoption date, the standard requires adoption on a modified retrospective basis with a cumulative- effect adjustment to the Consolidated Balance Sheet as of the beginning of the year of adoption. The amendments to presentation guidance and disclosure requirements are required to be adopted prospectively. The Company will adopt the new ASU in the first quarter of 2018 and is currently assessing the impact and timing of adoption of this ASU.

Improving the Presentation of net Periodic Pension Cost and net Periodic Postretirement Benefit Cost. In March 2017, the FASB issued an ASU to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The ASU requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted, as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been issued or made available for issuance. That is, early adoption should be the first interim period if an entity issues interim financial statements. The amendments in this ASU should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. The Company will adopt the ASU in the first quarter of 2018. If the Company had adopted the ASU in the first quarter of 2017, the impact to its Consolidated Statement of Income would have been an increase to COGS and SG&A of $325 million and $217 million, respectively, with an offsetting decrease to Other income (expense), net (OIE) of $542 million in the year ended December 30, 2017. For the year ended December 31, 2016, the impact to the Company's Consolidated Statement of Income would have been a decrease to COGS and SG&A of $54 million and $26 million, respectively, with an offsetting increase to OIE of $80 million. Adoption will have no impact on net income or cash flow. The impact to the Consolidated Balance Sheet at December 30, 2017 and December 31, 2016 would have been immaterial.

Simplifying the test for goodwill impairment. In January 2017, the FASB issued an ASU to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. The ASU is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments in this ASU should be applied on a prospective basis. The Company is currently assessing the impact and timing of adoption of this ASU.

Statement of Cash Flows. In August 2016, the FASB issued an ASU to provide cash flow statement classification guidance for certain cash receipts and payments including (a) debt prepayment or extinguishment costs; (b) contingent consideration payments made after a business combination; (c) insurance settlement proceeds; (d) distributions from equity method investees; (e) beneficial interests in securitization transactions and (f) application of the predominance principle for cash receipts and payments with aspects of more than one class of cash flows. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period, in which case adjustments should be reflected as of the beginning of the fiscal year that includes the interim period. The amendments in this ASU should be applied retrospectively. The Company will adopt the new ASU in the first quarter of 2018 and is currently evaluating the impact of adoption.

Leases. In February 2016, the FASB issued an ASU which will require the recognition of lease assets and lease liabilities by lessees for all leases with terms greater than 12 months. The distinction between finance leases and operating leases will remain, with similar classification criteria as current GAAP to distinguish between capital and operating leases. The principal difference from current guidance is that the lease assets and lease liabilities arising from operating leases will be recognized on the Consolidated Balance Sheet. Lessor accounting remains substantially similar to current GAAP. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company will adopt the new ASU in the first quarter of 2019 and is currently evaluating the impact that implementing this ASU will have on its financial statements and disclosures. Please refer to Note 7 for a summary of the Company's undiscounted minimum rental commitments under operating leases as of December 30, 2017.

Recognition and measurement of financial assets and liabilities. In January 2016, the FASB issued an ASU which primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption can be elected for all financial statements of fiscal years and interim periods that have not yet been issued or that have not yet been made available for issuance. Entities should apply the update by means of a cumulative- effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The Company will adopt the updated standard in the first quarter of 2018 and does not expect the adoption of this guidance to have a material impact on its financial statements.

Revenue from contracts with customers. In May 2014, the FASB issued an ASU which provides guidance for accounting for revenue from contracts with customers across all industries with final amendments issued in 2016. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. To achieve that core principle, an entity would be required to apply the following five steps: 1) identify the contract(s) with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract and 5) recognize revenue when (or as) the entity satisfies a performance obligation. The standard also calls for additional disclosures around the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, including significant judgments and changes in judgments. When the ASU was originally issued it was effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption was not permitted. On July 9, 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The updated standard will be effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Entities will be permitted to adopt the new revenue standard early, but not before the original effective date. Entities will have the option to apply the final standard retrospectively or use a modified retrospective method, recognizing the cumulative effect of the ASU in retained earnings at the date of initial application. The Company plans to adopt in the first quarter of 2018 using the full retrospective transition method which requires restating each prior reporting period presented. The adoption is not expected to have a material impact its financial statements and is limited to timing and classification differences as well as disaggregated revenue disclosures.

NOTE 2
SALE OF ACCOUNTS RECEIVABLE

During 2016, The Company initiated a program in which a customer could extend their payment terms in exchange for the elimination of early payment discounts (Extended Terms Program).

In 2016, the Company entered into a Receivable Sales Agreement (Monetization Program) and a separate U.S. accounts receivable securitization program (Securitization Program), both described below, which are intended to directly offset the impact the Extended Terms Program would have on the days- sales- outstanding (DSO) metric that is critical to the effective management of the Company's accounts receivable balance and overall working capital.

The Company has no retained interest in the receivables sold, however the Company does have collection and administrative responsibilities for the sold receivables. The Company has not recorded any servicing assets or liabilities as of December 30, 2017 and December 31, 2016 for these agreements as the fair value of these servicing arrangements as well as the fees earned were not material to the financial statements.

Monetization Program

In March 2016, the Company entered into a Monetization Program to sell, on a revolving basis, certain trade accounts receivable balances to third party financial institutions. Transfers under this agreement are accounted for as sales of receivables resulting in the receivables being de- recognized from the Consolidated Balance Sheet. The Monetization Program provides for the continuing sale of certain receivables on a revolving basis until terminated by either party; however the maximum receivables that may be sold at any time is $800 million. Accounts receivable sold of $601 million and $562 million remained outstanding under this arrangement as of December 30, 2017 and December 31, 2016, respectively. During 2017 and 2016, approximately $2.2 billion and $1.5 billion of accounts receivable have been sold via the Monetization Program, respectively. The proceeds from these sales of receivables are included in cash from operating activities in the Consolidated Statement of Cash Flows. The recorded net loss on sale of receivables is approximately $11 million and $5 million for the years ended December 30, 2017 and December 31, 2016, respectively, and is included in Other income and expense.

Securitization Program

In July 2016, the Company entered into the Securitization Program with a third party financial institution. Under the program, the Company received cash consideration of up to $600 million and a deferred purchase price asset for the remainder of the purchase price. Transfers under the Securitization Program were accounted for as sales of receivables resulting in the receivables being de-recognized from the Consolidated Balance Sheet. This Securitization Program utilized Kellogg Funding Company (Kellogg Funding), a wholly- owned subsidiary of the Company. Kellogg Funding's sole business consisted of the purchase of receivables, from its parent or other subsidiary and subsequent transfer of such receivables and related assets to financial institutions. Although Kellogg Funding is included in the Company's consolidated financial statements, it is a separate legal entity with separate creditors who will be entitled, upon its liquidation, to be satisfied out of Kellogg Funding assets prior to any assets or value in Kellogg Funding becoming available to the Company or its subsidiaries. The assets of Kellogg Funding are not available to pay creditors of the Company or its subsidiaries. The Securitization Program was structured to expire in July 2018, but was terminated at the end of 2017. The Company terminated the accounts receivable securitization program as a result of declining customer interest in an extended- terms program, and recent changes to accounting guidelines that (i) no longer treat the advances from the securitization in a way that preserves Cash Flow, defined as Cash From Operations less Capital Expenditure, and (ii) require burdensome administration, including daily reconciliations of receivables sold and collected under the program. Terminating the securitization will have no impact on our Cash Flow.

During the years ended December 30, 2017 and December 31, 2016, $2.6 billion and $839 million of accounts receivable were sold via the Securitization Program, respectively. As of December 30, 2017, approximately $433 million of accounts receivable sold to Kellogg Funding under the Securitization Program remained outstanding, for which the Company received net cash proceeds of approximately $412 million and a deferred purchase price asset of approximately $21 million. As of December 31, 2016, approximately $292 million of accounts receivable sold to Kellogg Funding under the Securitization Program remained outstanding, for which the Company received net cash proceeds of approximately $255 million and a deferred purchase price asset of approximately $37 million. The portion of the purchase price for the receivables which was not paid in cash by the financial institutions is a deferred purchase price asset, which is paid to Kellogg Funding as payments on the receivables are collected from customers. The deferred purchase price asset represents a beneficial interest in the transferred financial assets and is recognized at fair value as part of the sale transaction. The deferred purchase price asset is included in Other current assets on the Consolidated Balance Sheet. The proceeds from these sales of receivables are included in cash from operating activities in the Consolidated Statement of Cash Flows. The recorded net loss on sale of receivables is approximately $7 million for the year end December 30, 2017 and was not material for year ended December 31, 2016. The recorded net loss on sale of receivables is included in Other income and expense.

Other programs

Additionally, from time to time certain of the Company's foreign subsidiaries will transfer, without recourse, accounts receivable balances of certain customers to financial institutions. These transactions are accounted for as sales of the receivables resulting in the receivables being de- recognized from the Consolidated Balance Sheet. During the years ended December 30, 2017 and December 31, 2016, $237 million and $164 million of accounts receivable were sold via these programs, respectively. Accounts receivable sold of $86 million and $124 million remained outstanding under these programs as of December 30, 2017 and December 31, 2016, respectively. The proceeds from these sales of receivables are included in cash from operating activities in the Consolidated Statement of Cash Flows. The recorded net loss on the sale of these receivables is included in Other income and expense and is not material.

NOTE 3
GOODWILL AND OTHER INTANGIBLE ASSETS

RXBAR acquisition

In October 2017, the Company completed its acquisition of Chicago Bar Co., LLC, the manufacturer of RXBAR, for $600 million, or $596 million net of cash and cash equivalents. The purchase price is subject to certain working capital and net debt adjustments based on the actual working capital and net debt existing on the acquisition date compared to targeted amounts. The acquisition was accounted for under the purchase price method and was financed with short- term borrowings.

For the post- acquisition period ended December 30, 2017, the acquisition added $27 million in net sales and less than $1 million of operating profit in the Company's North America Other reporting segment. The pro forma effects of this acquisition were not material.

The assets and liabilities are included in the Consolidated Balance Sheet as of December 30, 2017 within the North America Other reporting segment. The acquired assets and assumed liabilities include the following:

(millions)	October 27, 2017
Current assets	$ 43
Goodwill	375
Intangible assets, primarily indefinite- lived brands	201
Current liabilities	(23)
	$ 596

The amounts in the above table represent the preliminary allocation of purchase price and are subject to revision when the working capital and net debt adjustments to the purchase price are agreed between the parties and valuations are finalized for intangible assets. These items will be finalized in 2018. The goodwill from this acquisition is expected to be deductible for income tax purposes and reflects the value of utilizing the Company's resources to increase the number of distribution locations and customers as well as any intangible assets that do not qualify for separate recognition.

Parati acquisition
In December 2016, the Company acquired Ritmo Investimentos, controlling shareholder of Parati S/A, Afical Ltda and Padua Ltda ("Parati Group"), a leading Brazilian food group for approximately BRL1.38 billion ($381 million) or $379 million, net of cash and cash equivalents. The purchase price was subject to certain working capital and net debt adjustments based on the actual working capital and net debt existing on the acquisition date compared to targeted amounts. These adjustments were finalized during 2017 and resulted in a purchase price reduction of BRL14 million ($4 million). The acquisition was accounted for under the purchase price method and was financed with cash on hand and short- term borrowings.

For the year ended December 30, 2017 the acquisition added $217 million in net sales and $22 million of operating profit in the Company's Latin America reporting segment.

The assets and liabilities of the Parati Group are included in the Consolidated Balance Sheet as of December 30, 2017 within the Latin America segment. The acquired assets and assumed liabilities include the following:

(millions)		December 1, 2016
Current assets	$	44
Property		72
Goodwill		165
Intangible assets		148
Current liabilities		(48)
Non- current deferred tax liability and other		(6)
	$	375

During the year ended December 30, 2017, the value of intangible assets subject to amortization increased $39 million, resulting in an immaterial change to amortization expense, and intangible assets not subject to amortization decreased $11 million with an offsetting $28 million adjustment to goodwill in conjunction with an updated allocation of the purchase price.

A portion of the acquisition price aggregating $67 million was placed in escrow in favor of the seller for general representations and warranties, as well as pending resolution of certain contingencies arising from the business prior to the acquisition. During the year ended December 30, 2017, the Company recognized $7 million for certain pre- acquisition contingencies which are considered to be probable of being incurred, which increased goodwill.

During 2017, the Company finalized plans to merge the acquired and pre- existing Brazilian legal entities, which resulted in tax basis of the acquired intangible assets. Accordingly, deferred tax liabilities and goodwill were both reduced by $58 million.

The amounts in the above table represent the allocation of purchase price as of December 30, 2017 and represent the finalization of the valuations for intangible assets and the Company's evaluation of pre- acquisition contingencies and finalization of the merger. The goodwill from this acquisition is expected to be deductible for income tax purposes.

Other acquisitions
In September 2016, the Company acquired a majority ownership interest in a natural, bio- organic certified breakfast company for €3 million, which was accounted for under the purchase method and financed with cash on hand. The assets, which primarily consist of indefinite lived intangible assets and goodwill, and liabilities, including non- controlling interests, are included in the Consolidated Balance Sheet as of December 31, 2016 and December 30, 2017 within the Europe segment.

In March 2016, the Company completed the acquisition of an organic and natural snack company for $18 million, which was accounted for under the purchase method and financed with cash on hand. The assets, which primarily consist of indefinite lived brands, and liabilities are included in the Consolidated Balance Sheet as of December 31, 2016 and December 30, 2017 within the North America Other segment.

Bisco Misr acquisition
In January 2015, the Company completed its 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 acquisition was accounted for under the purchase method and was financed through cash on hand. The assets and liabilities of Bisco Misr are included in the Consolidated Balance Sheet as of December 30, 2017 and December 31, 2016 and the results of its operations subsequent to the acquisition date, which are immaterial, are included in the Consolidated Statement of Income within the Europe operating segment.

The acquired assets and assumed liabilities include the following:

(millions)		January 18, 2015
Current assets	$	11
Property		79
Goodwill		59
Intangible assets and other		30
Current liabilities		(15)
Other non current liabilities, primarily deferred taxes		(27)
Non- controlling interests		(20)
	$	117

Goodwill, which is not expected to be deductible for statutory tax purposes, is calculated as the excess of the purchase price over the fair value of the net assets recognized. The goodwill recorded primarily reflects the value of providing an established platform to leverage the Company's existing brands in the markets served by Bisco Misr as well as any intangible assets that do not qualify for separate recognition. The allocation of purchase price was finalized in the 4th quarter of 2015.

In October 2015, the Company acquired additional ownership in Bisco Misr through payment of $13 million to non- controlling interests, which is reported as financing activity on the consolidated statement of cash flows. As of December 30, 2017 and December 31, 2016 the Company owns greater than 95% of Bisco Misr outstanding shares.

Mass Food acquisition
In September 2015, the Company 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 purchase price was subject to certain working capital and net debt adjustments based on the actual working capital and net debt existing on the acquisition date compared to targeted amounts. During 2016, the purchase price was finalized resulting in a reduction in the purchase price of $3 million. The acquisition was accounted for under the purchase method and financed through cash on hand. The assets and liabilities of Mass Foods are included in the Consolidated Balance Sheet as of December 30, 2017 and December 31, 2016 and the results of its operations subsequent to the acquisition date, which are immaterial, are included in the Consolidated Statement of Income within the Europe reportable segment. The acquired assets and liabilities assumed include the following: Current assets - $8 million, Property, intangible assets and goodwill - $46 million, Current and non- current liabilities - $13 million. Goodwill, which is not expected to be deductible for statutory tax purposes, is calculated as the excess of the purchase price over the fair value of the net assets recognized. The goodwill recorded primarily reflects the value of providing an established platform to leverage the Company's existing brands in the markets served by Mass Foods as well as any intangibles that do not qualify for separate recognition. The allocation of purchase price was finalized during 2016.

Goodwill and Intangible Assets
Changes in the carrying amount of goodwill, intangible assets subject to amortization, consisting primarily of customer lists, and indefinite- lived intangible assets, consisting of brands, are presented in the following tables:

Carrying amount of goodwill

Changes in the carrying amount of goodwill

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Consoli-dated
January 2, 2016	$ 131	$ 3,568	$ 82	$ 456	$ 431	$ 76	$ 224	$ 4,968
Additions	—	—	—	—	4	241	—	245
Currency translation adjustment	—	—	—	1	(59)	11	—	(47)
December 31, 2016	$ 131	$ 3,568	$ 82	$ 457	$ 376	$ 328	$ 224	$ 5,166
Additions	—	—	—	375	—	—	—	375
Purchase price allocation adjustment	—	—	—	—	—	(79)	—	(79)
Purchase price adjustment	—	—	—	—	—	(4)	—	(4)
Currency translation adjustment	—	—	—	4	38	(1)	5	46
December 30, 2017	**$ 131**	**$ 3,568**	**$ 82**	**$ 836**	**$ 414**	**$ 244**	**$ 229**	**$ 5,504**

Intangible assets subject to amortization

Intangible assets subject to amortization

(millions) **Gross carrying amount**	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Consoli-dated
January 2, 2016	$ 8	$ 42	$ —	$ 5	$ 45	$ 6	$ 10	$ 116
Additions	—	—	—	—	—	29	—	29
Currency translation adjustment	—	—	—	—	(5)	1	—	(4)
December 31, 2016	$ 8	$ 42	$ —	$ 5	$ 40	$ 36	$ 10	$ 141
Additions	—	—	—	17	—	—	—	17
Purchase price allocation adjustment	—	—	—	—	—	39	—	39
Currency translation adjustment	—	—	—	—	5	(1)	—	4
December 30, 2017	**$ 8**	**$ 42**	**$ —**	**$ 22**	**$ 45**	**$ 74**	**$ 10**	**$ 201**
Accumulated Amortization								
January 2, 2016	$ 8	$ 16	$ —	$ 4	$ 11	$ 6	$ 2	$ 47
Amortization	—	3	—	—	3	—	1	7
December 31, 2016	$ 8	$ 19	$ —	$ 4	$ 14	$ 6	$ 3	$ 54
Amortization (a)	—	3	—	1	3	4	1	12
Currency translation adjustment	—	—	—	—	1	—	—	1
December 30, 2017	**$ 8**	**$ 22**	**$ —**	**$ 5**	**$ 18**	**$ 10**	**$ 4**	**$ 67**
Intangible assets subject to amortization, net								
January 2, 2016	$ —	$ 26	$ —	$ 1	$ 34	$ —	$ 8	$ 69
Additions	—	—	—	—	—	29	—	29
Amortization	—	(3)	—	—	(3)	—	(1)	(7)
Currency translation adjustment	—	—	—	—	(5)	1	—	(4)
December 31, 2016	$ —	$ 23	$ —	$ 1	$ 26	$ 30	$ 7	$ 87
Additions	—	—	—	17	—	—	—	17
Amortization	—	(3)	—	(1)	(3)	(4)	(1)	(12)
Purchase price allocation adjustment	—	—	—	—	—	39	—	39
Currency translation adjustment	—	—	—	—	4	(1)	—	3
December 30, 2017	**$ —**	**$ 20**	**$ —**	**$ 17**	**$ 27**	**$ 64**	**$ 6**	**$ 134**

(a) The currently estimated aggregate amortization expense for each of the next five succeeding fiscal periods is approximately $12 million for 2018 and $11 million per year thereafter through 2022.

Intangible assets not subject to amortization

Intangible assets not subject to amortization

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Europe	Latin America	Asia Pacific	Consoli-dated
January 2, 2016	$ —	$ 1,625	$ —	$ 158	$ 416	$ —	$ —	$ 2,199
Additions	—	—	—	18	3	92	—	113
Contribution to joint venture	—	—	—	—	(5)	—	—	(5)
Currency translation adjustment	—	—	—	—	(31)	6	—	(25)
December 31, 2016	$ —	$ 1,625	$ —	$ 176	$ 383	$ 98	$ —	$ 2,282
Additions	—	—	—	184	—	—	—	184
Purchase price allocation adjustment	—	—	—	—	—	(11)	—	(11)
Currency translation adjustment	—	—	—	—	51	(1)	—	50
December 30, 2017	**$ —**	**$ 1,625**	**$ —**	**$ 360**	**$ 434**	**$ 86**	**$ —**	**$ 2,505**

NOTE 4
INVESTMENTS IN UNCONSOLIDATED ENTITIES

In January 2016, the Company formed a Joint Venture with Tolaram Africa to develop snacks and breakfast foods for the West African market. In connection with the formation, the Company contributed rights to indefinitely use the Company's brands for this market and these categories, including the Pringles brand. Accordingly, the Company recorded a contribution of $5 million of intangible assets not subject to amortization with a corresponding increase in Investments in unconsolidated entities during 2016, which represents the value attributed to the Pringles brand for this market.

In September 2015, the Company acquired, for a final net purchase price of $418 million, a 50% interest in Multipro Singapore Pte. Ltd. (Multipro), a leading distributor of a variety of food products in Nigeria and Ghana and also obtained a call option to acquire 24.5% of an affiliated food manufacturing entity under common ownership based on a fixed multiple of future earnings as defined in the agreement (Purchase Option).

The acquisition of the 50% interest is accounted for under the equity method of accounting. The Purchase Option, is recorded at cost and has been monitored for impairment through December 30, 2017 with no impairment being required. In July 2017, the Company received notification that the entity, through June 30, 2017, had achieved the level of earnings as defined in the agreement for the purchase option to become exercisable for a 1 year period. During the exercise period, the Company will validate the information provided in the notification and evaluate whether to exercise its rights to acquire the 24.5% interest. While no decision to exercise the option has been made by the Company, if the option is exercised, the Company would acquire 24.5% of the affiliated food manufacturing entity for approximately $400 million.

The difference between the amount paid for Multipro and the underlying equity in net assets is primarily attributable to intangible assets, a portion of which is being amortized over future periods, and goodwill.

Summarized combined financial information for the Company’s investments in unconsolidated entities is as follows (on a 100% basis, excluding amortization):

Statement of Operations (millions)	**2017**	2016	2015
Net sales:			
Multipro (a)	**$ 754**	$ 662	$ 240
Others	**55**	46	49
Total net sales	**$ 809**	$ 708	$ 289
Gross profit:			
Multipro (a)	**$ 86**	$ 71	$ 32
Others	**14**	10	12
Total gross profit	**$ 100**	$ 81	$ 44
Income before income taxes (a)	**43**	28	12
Net income (a)	**25**	15	5

Balance sheets	**December 30, 2017**	December 31, 2016
Current assets	**$ 155**	$ 128
Non- current assets	**139**	67
Current liabilities	**(181)**	(103)
Non- current liabilities	**(37)**	(5)

(a) 2015 includes three months of results for Multipro.

NOTE 5
RESTRUCTURING AND COST REDUCTION ACTIVITIES

The Company views its restructuring and cost reduction activities as part of its operating principles to provide greater visibility in achieving its long- term profit growth targets. Initiatives undertaken are currently expected to recover cash implementation costs within a 5- year period of completion. Upon completion (or as each major stage is completed in the case of multi- year programs), the project begins to deliver cash savings and/or reduced depreciation.

Total projects
The Company recorded $263 million of costs in 2017 associated with cost reduction initiatives. The charges were comprised of $46 million being recorded in COGS and $217 million recorded in SGA expense.

During 2016, the Company recorded $325 million of charges associated with all cost reduction initiatives. The charges were comprised of $173 million being recorded in COGS and $152 million recorded in SGA expense.

During 2015, the Company recorded $323 million of charges associated with all cost reduction initiatives. The charges were comprised of $4 million being recorded as a reduction of revenue, $191 million being recorded in COGS and $128 million recorded in SGA expense.

Project K
In 2017, the Company announced an expansion and an extension to its previously- announced global 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 the Company's 2018 Margin Expansion target.

In addition to the original program's focus on strengthening existing businesses in core markets, increasing growth in developing and emerging markets, and driving an increased level of value- added innovation, the extended program will also focus on implementing a more efficient go- to- market model for certain businesses and creating a more efficient organizational design in several markets. Since inception, Project K has provided significant benefits and is expected to continue to provide a number of benefits in the future, including an optimized supply chain infrastructure, the implementation of global business services, a new global focus on categories, increased agility from a more efficient organization design, and improved effectiveness in go- to- market strategies.

The Company currently anticipates that the program will result in total pre- tax charges, once all phases are approved and implemented, of approximately $1.5 to $1.6 billion, with after- tax cash costs, including incremental capital expenditures, estimated to be approximately $1.1 billion. Based on current estimates and actual charges incurred to date, the Company expects the total project charges will consist of asset- related costs of approximately $500 million which consists primarily of asset impairments, accelerated depreciation and other exit- related costs; employee- related costs of approximately $500 million which includes severance, pension and other termination benefits; and other costs of approximately $600 million which consists primarily of charges related to the design and implementation of global business capabilities and a more efficient go- to- market model.

The Company currently expects that total pre- tax charges related to Project K will impact reportable segments as follows: U.S. Morning Foods (approximately 17%), U.S. Snacks (approximately 34%), U.S. Specialty (approximately 1%), North America Other (approximately 13%), Europe (approximately 22%), Latin America (approximately 2%), Asia- Pacific (approximately 6%), and Corporate (approximately 5%).

Since inception of Project K, the Company has recognized charges of $1,377 million that have been attributed to the program. The charges were comprised of $6 million being recorded as a reduction of revenue, $736 million being recorded in COGS and $635 million recorded in SGA.

The Company will complete its implementation of Project K in 2018, with annual savings expected to increase through 2019. Project charges, after- tax cash costs and annual savings remain in line with expectations.

Other projects
In 2015 the Company implemented a zero- based budgeting (ZBB) program in its North America business that has delivered annual savings. During 2016, ZBB was expanded to include the international segments of the business. In support of the ZBB initiative, the Company incurred pre- tax charges of approximately $3 million, $25 million and $12 million for the years ended December 30, 2017, December 31, 2016 and January 2, 2016, respectively. Total charges of $40 million have been recognized since the inception of the ZBB program.

The Company completed implementation of the ZBB program in 2017, with annual savings expected to increase through 2018. Project charges, after- tax cash costs and annual savings remain in line with expectations.

The tables below provide the details for the charges incurred during 2017, 2016 and 2015 and program costs to date for all programs currently active as of December 30, 2017.

(millions)	**2017**	2016	2015	**Program costs to date December 30, 2017**
Employee related costs	**$ 177**	$ 108	$ 63	**$ 534**
Pension curtailment (gain) loss, net	**(148)**	1	(1)	**(137)**
Asset related costs	**77**	46	103	**269**
Asset impairment	**—**	50	18	**155**
Other costs	**157**	120	140	**596**
Total	**$ 263**	$ 325	$ 323	**$ 1,417**

(millions)	**2017**	2016	2015	**Program costs to date December 30, 2017**
U.S. Morning Foods	**$ 18**	$ 23	$ 58	**$ 259**
U.S. Snacks	**309**	76	50	**511**
U.S. Specialty	**2**	8	5	**21**
North America Other	**16**	38	63	**144**
Europe	**40**	126	74	**339**
Latin America	**9**	8	4	**33**
Asia Pacific	**11**	7	13	**92**
Corporate	**(142)**	39	56	**18**
Total	**$ 263**	$ 325	$ 323	**$ 1,417**

Employee related costs consisted of severance and pension charges. Pension curtailment (gain) loss consists of curtailment gains or losses that resulted from project initiatives. Asset impairments were recorded for fixed assets that were determined to be impaired and were written down to their estimated fair value. See Note 14 for more information. Asset related costs consist primarily of accelerated depreciation. Other costs incurred consist primarily of lease termination costs as well as third- party incremental costs related to the development and implementation of global business capabilities and a more efficient to- to- market model.

At December 30, 2017 total project reserves were $160 million, related to severance payments and other costs of which a substantial portion will be paid in 2018 and 2019. The following table provides details for exit cost reserves.

(millions)	Employee Related Costs	Curtailment Gain Loss, net	Asset Impairment	Asset Related Costs	Other Costs	Total
Liability as of January 2, 2016	$ 55	—	$ —	$ —	$ 33	$ 88
2016 restructuring charges	108	1	50	46	120	325
Cash payments	(62)	—	—	(14)	(124)	(200)
Non- cash charges and other	1	(1)	(50)	(32)	—	(82)
Liability as of December 31, 2016	$ 102	—	$ —	$ —	$ 29	$ 131
2017 restructuring charges	177	(148)	—	77	157	263
Cash payments	(182)	—	—	(34)	(123)	(339)
Non- cash charges and other	—	148	—	(43)	—	105
Liability as of December 30, 2017	**$ 97**	**—**	**$ —**	**$ —**	**$ 63**	**$ 160**

NOTE 6
EQUITY
Earnings per share
Basic earnings per share is determined by dividing net income attributable to Kellogg Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is similarly determined, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued. Dilutive potential common shares consist principally of employee stock options issued by the Company, restricted stock units, and to a lesser extent, certain contingently issuable performance shares. Basic earnings per share is reconciled to diluted earnings per share in the following table:

(millions, except per share data)	Net income attributable to Kellogg Company	Average shares outstanding	Earnings per share
2017			
Basic	**$ 1,269**	**348**	**$ 3.65**
Dilutive potential common shares		**2**	**(0.03)**
Diluted	**$ 1,269**	**350**	**$ 3.62**
2016			
Basic	$ 694	350	$ 1.98
Dilutive potential common shares		4	(0.02)
Diluted	$ 694	354	$ 1.96
2015			
Basic	$ 614	354	$ 1.74
Dilutive potential common shares		2	(0.02)
Diluted	$ 614	356	$ 1.72

The total number of anti- dilutive potential common shares excluded from the reconciliation for each period was (shares in millions): 2017- 4.9; 2016- 2.8; 2015- 2.7.

Stock transactions
The Company issues shares to employees and directors under various equity- based compensation and stock purchase programs, as further discussed in Note 9. The number of shares issued during the periods presented was (shares in millions): 2017–7; 2016–7; 2015–5. The Company issued shares totaling less than one million in each of the years presented under Kellogg Direct™, a direct stock purchase and dividend reinvestment plan for U.S. shareholders.

In December 2015, the board of directors approved a new authorization to repurchase of up to $1.5 billion of the Company's common stock beginning in 2016 through December 2017. In December 2017, a new authorization by the board of directors approved the repurchase of up to $1.5 billion of our common stock beginning in January 2018 through December 2019.

During 2017, the Company repurchased 7 million shares of common stock for a total of $516 million . During 2016, the Company repurchased 6 million shares of common stock for a total of $426 million. During 2015, the Company repurchased 11 million shares of common stock at a total cost of $731 million.

Comprehensive income

Comprehensive income includes net income and all other changes in equity during a period except those resulting from investments by or distributions to shareholders. Other comprehensive income for all years presented consists of foreign currency translation adjustments, fair value adjustments associated with cash flow hedges and adjustments for net experience gains (losses) and prior service credit (cost) related to employee benefit plans. For the years ended December 30, 2017 and December 31, 2016, the Company modified assumptions for a U.S. postemployment benefit plan. As a result of the U.S. postemployment benefit plan assumption change, a net experience gain was recognized in other comprehensive income with an offsetting reduction in the accumulated postemployment benefit obligation. During the year ended January 2, 2016, the Company modified assumptions for a U.S. postemployment benefit plan and amended a U.S. defined- benefit pension plan. As a result of the U.S. postemployment benefit plan assumption change, a net experience gain was recognized in other comprehensive income with an offsetting reduction in the accumulated postretirement benefit obligation. The U.S. defined- benefit pension plan amendment increased the Company's pension benefit obligation with an offsetting increase in prior service costs in other comprehensive income. See Note 10 and Note 11 for further details.

	2017			2016			2015		
	Pre- tax amount	**Tax (expense) benefit**	**After- tax amount**	Pre- tax amount	Tax (expense) benefit	After- tax amount	Pre- tax amount	Tax (expense) benefit	After- tax amount
Net income			**$ 1,269**			$ 695			$ 614
Other comprehensive income:									
Foreign currency translation adjustments	**$ (34)**	**$ 113**	**79**	$ (230)	$ (24)	$ (254)	$ (170)	(26)	(196)
Cash flow hedges:									
Unrealized gain (loss) on cash flow hedges	**—**	**—**	**—**	(55)	22	(33)	8	(3)	5
Reclassification to net income	**9**	**(3)**	**6**	11	(6)	5	(23)	3	(20)
Postretirement and postemployment benefits:									
Amounts arising during the period:									
Net experience gain (loss)	**44**	**(12)**	**32**	25	(9)	16	—	—	—
Prior service credit (cost)	**—**	**—**	**—**	(4)	2	(2)	63	(24)	39
Reclassification to net income:									
Net experience loss	**—**	**—**	**—**	3	(1)	2	3	(1)	2
Prior service cost	**1**	**—**	**1**	5	(1)	4	9	(3)	6
Venezuela deconsolidation loss	**—**	**—**	**—**	63	—	63	—	—	—
Other comprehensive income (loss)	**$ 20**	**$ 98**	**$ 118**	$ (182)	$ (17)	$ (199)	$ (110)	$ (54)	$ (164)
Comprehensive income			**$ 1,387**			$ 496			$ 450
Net income (loss) attributable to noncontrolling interests			**—**			1			—
Other comprehensive income (loss) attributable to noncontrolling interests			**—**			—			(1)
Comprehensive income attributable to Kellogg Company			**$ 1,387**			$ 495			$ 451

Reclassifications from Accumulated Other Comprehensive Income (AOCI) for the year ended December 30, 2017 and December 31, 2016, consisted of the following:

Details about AOCI Components	Amount reclassified from AOCI			Line item impacted within Income Statement
(millions)	**2017**	2016	2015	
Gains and losses on cash flow hedges:				
Foreign currency exchange contracts	**$ (1)**	$ (14)	$ (40)	COGS
Foreign currency exchange contracts	**—**	(1)	2	SGA
Interest rate contracts	**10**	13	3	Interest expense
Commodity contracts	**—**	13	12	COGS
	$ 9	$ 11	$ (23)	Total before tax
	(3)	(6)	3	Tax (expense) benefit
	$ 6	$ 5	$ (20)	Net of tax
Amortization of postretirement and postemployment benefits:				
Net experience loss	**$ —**	$ 3	$ 3	(a)
Prior service cost	**1**	5	9	(a)
	$ 1	$ 8	$ 12	Total before tax
	—	(2)	(4)	Tax (expense) benefit
	$ 1	$ 6	$ 8	Net of tax
Venezuela deconsolidation loss	**$ —**	$ 63	$ —	Other (income) expense
Total reclassifications	**$ 7**	$ 74	$ (12)	Net of tax

(a) See Note 10 and Note 11 for further details.

Accumulated other comprehensive income (loss) as of December 30, 2017 and December 31, 2016 consisted of the following:

(millions)	**December 30, 2017**	December 31, 2016
Foreign currency translation adjustments	**$ (1,426)**	$ (1,505)
Cash flow hedges — unrealized net gain (loss)	**(61)**	(67)
Postretirement and postemployment benefits:		
Net experience gain (loss)	**34**	2
Prior service credit (cost)	**(4)**	(5)
Total accumulated other comprehensive income (loss)	**$ (1,457)**	$ (1,575)

Noncontrolling interests

In December 2012, the Company entered into a series of agreements with a third party including a subordinated loan (VIE Loan) of $44 million which was convertible into approximately 85% of the equity of the entity (VIE). Due to this convertible subordinated loan and other agreements, the Company determined that the entity was a variable interest entity, the Company was the primary beneficiary and the Company consolidated the financial statements of the VIE. During 2015, the 2012 Agreements were terminated and the VIE loan, including related accrued interest and other receivables, were settled, resulting in a charge of $19 million which was recorded as Other income (expense) in the year ended January 2, 2016. Upon termination of the 2012 Agreements, the Company was no longer considered the primary beneficiary of the VIE, the VIE was deconsolidated, and the Company 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 SGA expense for the year ended January 2, 2016.

NOTE 7

LEASES AND OTHER COMMITMENTS

The Company’s leases are generally for equipment and warehouse space. Rent expense on all operating leases was (in millions): 2017- $195; 2016- $176; 2015- $189. During 2017, 2016 and 2015, the Company entered into less than $1 million in capital lease agreements.

At December 30, 2017, future minimum annual lease commitments under non- cancelable operating and capital leases were as follows:

(millions)	Operating leases	Capital leases
2018	127	1
2019	89	1
2020	61	1
2021	49	—
2022	40	—
2023 and beyond	89	—
Total minimum payments	$ 455	$ 3
Amount representing interest		—
Obligations under capital leases		3
Obligations due within one year		(1)
Long- term obligations under capital leases		$ 2

The Company has provided various standard indemnifications in agreements to sell and purchase business assets and lease facilities over the past several years, related primarily to pre- existing tax, environmental, and employee benefit obligations. Certain of these indemnifications are limited by agreement in either amount and/or term and others are unlimited. The Company has also provided various "hold harmless" provisions within certain service type agreements. Because the Company is not currently aware of any actual exposures associated with these indemnifications, management is unable to estimate the maximum potential future payments to be made. At December 30, 2017, the Company had not recorded any liability related to these indemnifications.

NOTE 8

DEBT

The following table presents the components of notes payable at year end December 30, 2017 and December 31, 2016:

(millions)	**2017**		2016	
	Principal amount	**Effective interest rate**	Principal amount	Effective interest rate
U.S. commercial paper	**$ 196**	**1.76 %**	$ 80	0.61 %
Europe commercial paper	**96**	**(0.32)**	306	(0.18)
Bank borrowings	**78**		52	
Total	**$ 370**		$ 438	

The following table presents the components of long- term debt at year end December 30, 2017 and December 31, 2016:

(millions)	2017	2016
(a) 4.50% U.S. Dollar Notes due 2046	**$ 637**	$ 637
(b) 7.45% U.S. Dollar Debentures due 2031	**620**	620
(c) 3.40% U.S. Dollar Notes due 2027	**595**	—
(d) 3.25% U.S. Dollar Notes due 2026	**729**	728
(e) 1.25% Euro Notes due 2025	**712**	629
(f) 1.00% Euro Notes due 2024	**723**	639
(g) 2.65% U.S. Dollar Notes due 2023	**589**	591
(h) 2.75% U.S. Dollar Notes due 2023	**201**	201
(i) 3.125% U.S. Dollar Notes due 2022	**354**	357
(j) 0.80% Euro Notes due 2022	**717**	—
(k) 1.75% Euro Notes due 2021	**597**	523
(l) 4.0% U.S. Dollar Notes due 2020	**847**	844
(m) 4.15% U.S. Dollar Notes due 2019	**506**	510
(n) 3.25% U.S. Dollar Notes due 2018	**402**	406
(o) 2.05% Canadian Dollar Notes due 2017	**—**	223
(p) 1.75% U.S. Dollar Notes due 2017	**—**	400
Other	**16**	21
	8,245	7,329
Less current maturities	**(409)**	(631)
Balance at year end	**$ 7,836**	$ 6,698

(a) In March 2016, the Company issued $650 million of thirty- year 4.50% U.S. Dollar Notes, using the net proceeds for general corporate purposes, which included repayment of a portion of the Company's 7.45% U.S. Dollar Debentures due 2031 and a portion of its commercial paper borrowings. The effective interest rate on the Debentures, reflecting issuance discount and hedge settlement, was 4.58%.

(b) In March 2001, the Company issued long- term debt instruments, primarily to finance the acquisition of Keebler Foods Company, of which $625 million of thirty- year 7.45% Debentures remain outstanding. The effective interest rate on the Debentures, reflecting issuance discount and hedge settlement, was 7.54%. The Debentures contain standard events of default and covenants, and can be redeemed in whole or in part by the Company at any time at prices determined under a formula (but not less than 100% of the principal amount plus unpaid interest to the redemption date). In March 2016, the Company redeemed $475 million of the Debentures. In connection with the debt redemption, the Company 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.

(c) In November 2017, the Company issued $600 million of ten- year 3.40% U.S. Dollar Notes, using the net proceeds for general corporate purposes, which included repayment of a portion of the Company's commercial paper borrowings used to finance the acquisition of Chicago Bar Company LLC, the maker of RXBAR. The effective interest rate on the Debentures, reflecting issuance discount and hedge settlement, was 3.48%.

(d) In March 2016, the Company issued $750 million of ten- year 3.25% U.S. Dollar Notes, using the net proceeds for general corporate purposes, which included repayment of a portion of the Company's 7.45% U.S. Dollar Debentures due 2031 and a portion of its commercial paper borrowings. The effective interest rate on these Notes, reflecting issuance discount, hedge settlement and interest rate swaps was 3.66% at December 30, 2017. In September 2016, the Company entered into interest rate swaps with notional amounts totaling $300 million, which effectively converted a portion of these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The fair value adjustment for the interest rate swaps was $17 million at December 30, 2017, recorded as a decrease in the hedged debt balance.

(e) In March 2015, the Company issued €600 million (approximately $716 million at December 30, 2017, which reflects the discount, fees and translation adjustments) of ten- year 1.25% Euro Notes due 2025, using the proceeds from these Notes for general corporate purposes, which included repayment of a portion of the Company’s commercial paper borrowings. The effective interest rate on the Notes, reflecting issuance discount and hedge settlement, was 1.28% at December 30, 2017. The Notes were designated as a net investment hedge of the Company’s investment in its Europe subsidiary when issued. In May 2017, the Company entered into interest rate swaps with notional amounts totaling €600 million, which effectively converted these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The fair value adjustment for the interest rate swaps was $4 million at December 30, 2017, recorded as a decrease in the hedged debt balance.

(f) In May 2016, the Company issued €600 million (approximately $714 million USD at December 30, 2017, which reflects the discount, fees and translation adjustments) of eight- year 1.00% Euro Notes due 2024. The proceeds from these Notes were used for general corporate purposes, including, together with cash on hand and additional commercial paper borrowings, repayment of the Company's $750 million, seven- year 4.45% U.S. Dollar Notes due 2016 at maturity. The Notes were designated as a net investment hedge of the Company’s investment in its Europe subsidiary when issued. The effective interest rate on these Notes, reflecting issuance discount, hedge settlement and interest rate swaps was 0.71% at December 30, 2017. During 2016, the Company entered into interest rate swaps which effectively converted these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The Company subsequently terminated the interest rate swaps, and the resulting unamortized gain of $11 million at December 30, 2017 will be amortized to interest expense over the remaining term of the Notes. In November 2016, the Company entered into interest rate swaps with notional amounts totaling €300 million, which effectively converted a portion of these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The fair value adjustment for the interest rate swaps was $1 million at December 30, 2017, recorded as an increase in the hedged debt balance.

(g) In November 2016, the Company issued $600 million of seven- year 2.65% U.S. Dollar Notes, using the net proceeds for general corporate purposes, which included repayment of the Company's 1.875% U.S. Dollar Notes due 2016 at maturity and a portion of its commercial paper borrowings. The effective interest rate on these Notes, reflecting issuance discount, hedge settlement and interest rate swaps was 2.44% at December 30, 2017. In November 2016, the Company entered into interest rate swaps with notional amounts totaling $300 million, which effectively converted a portion of these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The fair value adjustment for the interest rate swaps was $7 million at December 30, 2017, recorded as a decrease in the hedged debt balance.

(h) In February 2013, the Company issued $400 million of ten- year 2.75% U.S. Dollar Notes, using net proceeds from these Notes for general corporate purposes, including, together with cash on hand, to repay a portion of the Company’s $750 million 4.25% U.S. Dollar Notes that matured in March 2013. The effective interest rate on these Notes, reflecting issuance discount and hedge settlement, was 2.88%. In March 2014, the Company redeemed $189 million of the Notes. In connection with the debt redemption, the Company reduced interest expense by $10 million, including $1 million of accelerated gains on interest rate swaps previously recorded in accumulated other comprehensive income, and incurred $2 million expense, recorded in Other Income, Expense (net), related to acceleration of fees on the redeemed debt and fees related to the tender offer. In September 2016, the Company entered into interest rate swaps with notional amounts totaling $211 million, which effectively converted these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The fair value adjustment for the interest rate swaps was $9 million at December 30, 2017, recorded as a decrease in the hedged debt balance.

(i) In May 2012, the Company issued $700 million of ten- year 3.125% U.S. Dollar Notes, using net proceeds from these Notes for general corporate purposes, including financing a portion of the acquisition of Pringles. The effective interest rate on these Notes, reflecting issuance discount and interest rate swaps, was 2.69% at December 30, 2017. In March 2014, the Company redeemed $342 million of the Notes. In connection with the debt redemption, the Company reduced interest expense by $2 million and incurred $2 million expense, recorded in Other Income, Expense (net), related to acceleration of fees on the redeemed debt and fees related to the tender offer. During 2016, the Company entered into interest rate swaps which effectively converted these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The Company subsequently terminated the interest rate swaps. In November 2016, the Company entered into interest rate swaps with notional amounts totaling $358 million, which effectively converted these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The $13 million gain on termination of the 2016 and prior year interest rate swaps at December 30, 2017 will be amortized to interest expense over the remaining term of the Notes. The fair value adjustment for the outstanding interest rate swaps was $15 million, at December 30, 2017, recorded as a decrease in the hedged debt balance.

(j) In May 2017, the Company issued €600 million (approximately $717 million USD at December 30, 2017, which reflects the discount and translation adjustments) of five- year 0.80% Euro Notes due 2022, resulting in aggregate net proceeds after debt discount of $656 million. The proceeds from these Notes were used for general corporate purposes, including, together with cash on hand and additional commercial paper borrowings, repayment of the Company's $400 million, five- year 1.75% U.S. Dollar Notes due 2017 at maturity. The effective interest rate on the Notes, reflecting issuance discount and hedge settlement, was 0.88%. The Notes were designated as a net investment hedge of the Company's investment in its Europe subsidiary when issued.

(k) In May 2014, the Company issued €500 million (approximately $597 million at December 30, 2017, which reflects the discount and translation adjustments) of seven- year 1.75% Euro Notes due 2021, using the proceeds from these Notes for general corporate purposes, which included repayment of a portion of the Company’s commercial paper borrowings. The effective interest rate on the Notes, reflecting issuance discount and hedge settlement, was 2.36%. The Notes were designated as a net investment hedge of the Company’s investment in its Europe subsidiary when issued.

(l) In December 2010, the Company issued $1.0 billion of ten- year 4.0% fixed rate U.S. Dollar Notes, using net proceeds from these Notes for incremental pension and postretirement benefit plan contributions and to retire a portion of its commercial paper. The effective interest rate on these Notes, reflecting issuance discount, hedge settlement and interest rate swaps, was 3.41% at December 30, 2017. In March 2014, the Company redeemed $150 million of the Notes. In connection with the debt redemption, the Company incurred $12 million of interest expense offset by $7 million of accelerated gains on interest rate swaps previously recorded in accumulated other comprehensive income, and incurred $1 million expense, recorded in Other Income, Expense (net), related to acceleration of fees on the redeemed debt and fees related to the tender offer. During 2016, the Company entered into interest rate swaps with notional amounts of $600 million, which effectively converted a portion of these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The Company subsequently terminated the interest rate swaps. In July 2016, the Company entered into interest rate swaps with notional amounts totaling $700 million, which effectively converted a portion of these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. The $1 million gain on termination of the 2016 and prior year interest rate swaps at December 30, 2017 will be amortized to interest expense over the remaining term of the Notes.

(m) In November 2009, the Company issued $500 million of ten- year 4.15% fixed rate U.S. Dollar Notes, using net proceeds from these Notes to retire a portion of its 6.6% U.S. Dollar Notes due 2011. The effective interest rate on these Notes, reflecting issuance discount, hedge settlement and interest rate swaps was 3.50% at December 30, 2017. In 2012, the Company entered into interest rate swaps which effectively converted these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. During 2015, the Company entered into and terminated a series of interest rate swaps and as of December 30, 2017 had terminated all interest rate swaps. The $7 million gain on termination at December 30, 2017 will be amortized to interest expense over the remaining term of the Notes.

(n) In May 2011, the Company issued $400 million of seven- year 3.25% fixed rate U.S. Dollar Notes, using net proceeds from these Notes for general corporate purposes including repayment of a portion of its commercial paper. The effective interest rate on these Notes, reflecting issuance discount, hedge settlement and interest rate swaps, was 3.41% at December 30, 2017. In 2011, the Company entered into interest rate swaps which effectively converted these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. During 2013, the Company terminated all of the interest rate swaps and subsequently entered into interest rate swaps which effectively converted these Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. During 2015, the Company terminated all interest rate swaps, and the resulting unamortized gain of $2 million at December 30, 2017 will be amortized to interest expense over the remaining term of the Notes.

(o) In May 2014, the Company issued Cdn. $300 million of three- year 2.05% Canadian Dollar Notes due 2017, using the proceeds from these Notes, together with cash on hand, to repay the Company's Cdn. $300 million, 2.10% Notes due 2014 at maturity. The Company redeemed these Notes in May 2017.

(p) In May 2012, the Company issued $400 million of five- year 1.75% U.S. Dollar Notes, using net proceeds from these Notes for general corporate purposes, including financing a portion of the acquisition of Pringles. In 2013, the Company entered into interest rate swaps with notional amounts totaling $400 million, which effectively converted the Notes from a fixed rate to a floating rate obligation. These derivative instruments were designated as fair value hedges of the debt obligation. During 2015, the Company terminated all interest rate swaps. The Company redeemed these Notes in May 2017.

All of the Company's Notes contain customary covenants that limit the ability of the Company and its restricted subsidiaries (as defined) to incur certain liens or enter into certain sale and lease- back transactions and also contain a change of control provision.

The Company and two of its subsidiaries (the Issuers) maintain a program under which the Issuers may issue euro- commercial paper notes up to a maximum aggregate amount outstanding at any time of $750 million or its equivalent in alternative currencies. The notes may have maturities ranging up to 364 days and will be senior unsecured obligations of the applicable Issuer. Notes issued by subsidiary Issuers will be guaranteed by the Company. The notes may be issued at a discount or may bear fixed or floating rate interest or a coupon calculated by reference to an index or formula. There was $96 million and $306 million outstanding under this program as of December 30, 2017 and December 31, 2016, respectively.

At December 30, 2017, the Company had $3.1 billion of short- term lines of credit, virtually all of which were unused and available for borrowing on an unsecured basis. These lines were comprised principally of an unsecured Five- Year Credit Agreement, which the Company entered into in February 2014 and expires in 2019, replacing the Company's unsecured Four- year Credit Agreement, which would have expired in March 2015. The Five- Year Credit Agreement allows the Company to borrow, on a revolving credit basis, up to $2.0 billion, which includes the ability to obtain letters of credit in an aggregate stated amount up to $75 million and to obtain U.S. swingline loans in an aggregate principal amount up to $200 million and European swingline loans in an aggregate principal amount up to $400 million. The agreement contains customary covenants and warranties, including specified restrictions on indebtedness, liens and a specified interest coverage ratio. If an event of default occurs, then, to the extent permitted, the administrative agent may terminate the commitments under the credit facility, accelerate any outstanding loans under the agreement, and demand the deposit of cash collateral equal to the lender's letter of credit exposure plus interest.

The Company was in compliance with all covenants as of December 30, 2017.

In January 2018, the Company entered into an unsecured 364- Day Credit Agreement to borrow, on a revolving credit basis, up to $1.0 billion at any time outstanding, to replace the $800 million 364- day facility that expired in January 2018. The new credit facilities contains customary covenants and warranties, including specified restrictions on indebtedness, liens and a specified interest expense coverage ratio. If an event of default occurs, then, to the extent permitted, the administrative agent may terminate the commitments under the credit facility, accelerate any outstanding loans under the agreement, and demand the deposit of cash collateral equal to the lender's letter of credit exposure plus interest. There are no borrowings outstanding under the new credit facilities.

Scheduled principal repayments on long- term debt are (in millions): 2018–$407; 2019–$507; 2020–$850; 2021–$600; 2022–$1,079; 2023 and beyond–$4,876.

Interest expense capitalized as part of the construction cost of fixed assets was (in millions): 2017–$4; 2016–$4; 2015–$4.

NOTE 9
STOCK COMPENSATION

The Company uses various equity- based compensation programs to provide long- term performance incentives for its global workforce. Currently, these incentives consist principally of stock options, restricted stock units and, to a lesser extent, executive performance shares. The Company also sponsors a discounted stock purchase plan in the United States and matching- grant programs in several international locations. Additionally, the Company awards restricted stock to its outside directors. These awards are administered through several plans, as described within this Note.

The 2017 Long- Term Incentive Plan (2017 Plan), approved by shareholders in 2017, permits awards to employees and officers in the form of incentive and non- qualified stock options, performance units, restricted stock or restricted stock units, and stock appreciation rights. The 2017 Plan, which replaced the 2013 Long- Term Incentive Plan (2013 Plan), authorizes the issuance of a total of (a) 16 million shares; plus (b) the total number of shares remaining available for future grants under the 2013 Plan. The total number of shares remaining available for issuance under the 2017 Plan will be reduced by two shares for each share issued pursuant to an award under the 2017 Plan other than a stock option or stock appreciation right, or potentially issuable pursuant to an outstanding award other than a stock option or stock appreciation right, which will in each case reduce the total number of shares remaining by one share for each share issued. The 2017 Plan includes several limitations on awards or payments to individual participants. Options granted under the 2017 and 2013 Plans generally vest over three years. At December 30, 2017, there were 24 million remaining authorized, but unissued, shares under the 2017 Plan. This amount includes 8 million shares remaining available under the 2013 Plan.

The Non- Employee Director Stock Plan (2009 Director Plan) was approved by shareholders in 2009 and allows each eligible non- employee director to receive shares of the Company's common stock annually. The number of shares granted pursuant to each annual award will be determined by the Nominating and Governance Committee of the Board of Directors. The 2009 Director Plan, which replaced the 2000 Non- Employee Director Stock Plan (2000 Director Plan), reserves 500,000 shares for issuance, plus the total number of shares as to which awards granted under the 2009 Director Plan or the 2000 Director Plans expire or are forfeited, terminated or settled in cash. Under both the 2009 and 2000 Director Plans, shares (other than stock options) are placed in the Kellogg Company Grantor Trust for Non- Employee Directors (the Grantor Trust). Under the terms of the Grantor Trust, shares are available to a director only upon termination of service on the Board. Under the 2009 Director Plan, awards were as follows (number of shares): 2017- 25,209; 2016- 24,249; 2015- 26,877.

The 2002 Employee Stock Purchase Plan was approved by shareholders in 2002 and permits eligible employees to purchase Company stock at a discounted price. This plan allows for a maximum of 2.5 million shares of Company stock to be issued at a purchase price equal to 95% of the fair market value of the stock on the last day of the quarterly purchase period. Total purchases through this plan for any employee are limited to a fair market value of $25,000 during any calendar year. At December 30, 2017, there were approximately 0.2 million remaining authorized, but unissued, shares under this plan. Shares were purchased by employees under this plan as follows (approximate number of shares): 2017–65,000; 2016–63,000; 2015–73,000. Options granted to employees to purchase discounted stock under this plan are included in the option activity tables within this note.

Additionally, an international subsidiary of the Company maintains a stock purchase plan for its employees. Subject to limitations, employee contributions to this plan are matched 1:1 by the Company. Under this plan, shares were granted by the Company to match an equal number of shares purchased by employees as follows (approximate number of shares): 2017–60,000; 2016–57,000; 2015–48,000.

Compensation expense for all types of equity- based programs and the related income tax benefit recognized were as follows:

(millions)	**2017**	2016	2015
Pre- tax compensation expense	**$ 71**	$ 68	$ 55
Related income tax benefit	**$ 26**	$ 25	$ 20

As of December 30, 2017, total stock- based compensation cost related to non- vested awards not yet recognized was $79 million and the weighted- average period over which this amount is expected to be recognized was 2 years.

Cash flows realized upon exercise or vesting of stock- based awards in the periods presented are included in the following table. Tax benefits realized upon exercise or vesting of stock- based awards generally represent the tax benefit of the difference between the exercise price and the strike price of the option.

Cash used by the Company to settle equity instruments granted under stock- based awards was not material.

(millions)	**2017**	2016	2015
Total cash received from option exercises and similar instruments	**$ 97**	$ 368	$ 261
Tax benefits realized upon exercise or vesting of stock- based awards:			
Windfall benefits classified as cash flow from operating activities	**$ 4**	$ 36	NA
Windfall benefits classified as cash flow from financing activities	**NA**	NA	$ 14

Shares used to satisfy stock- based awards are normally issued out of treasury stock, although management is authorized to issue new shares to the extent permitted by respective plan provisions. Refer to Note 6 for information on shares issued during the periods presented to employees and directors under various long- term incentive plans and share repurchases under the Company's stock repurchase authorizations. The Company does not currently have a policy of repurchasing a specified number of shares issued under employee benefit programs during any particular time period.

Stock options

During the periods presented, non- qualified stock options were granted to eligible employees under the 2017 and 2013 Plans with exercise prices equal to the fair market value of the Company's stock on the grant date, a contractual term of ten years, and a three-year graded vesting period.

Management estimates the fair value of each annual stock option award on the date of grant using a lattice- based option valuation model. Composite assumptions are presented in the following table. Weighted- average values are disclosed for certain inputs which incorporate a range of assumptions. Expected volatilities are based principally on historical volatility of the Company's stock, and to a lesser extent, on implied volatilities from traded options on the Company's stock. Historical volatility corresponds to the contractual term of the options granted. The Company uses historical data to estimate option exercise and employee termination within the valuation models; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted represents the period of time that options granted are expected to be outstanding; the weighted-average expected term for all employee groups is presented in the following table. The risk- free rate for periods within the contractual life of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

Stock option valuation model assumptions for grants within the year ended:	**2017**	2016	2015
Weighted- average expected volatility	**18.00%**	17.00%	16.00%
Weighted- average expected term (years)	**6.60**	6.88	6.87
Weighted- average risk- free interest rate	**2.26%**	1.60%	1.98%
Dividend yield	**2.80%**	2.60%	3.00%
Weighted- average fair value of options granted	**$ 10.14**	$ 9.44	$ 7.21

A summary of option activity for the year ended December 30, 2017 is presented in the following table:

Employee and director stock options	Shares (millions)	Weighted- average exercise price	Weighted- average remaining contractual term (yrs.)	Aggregate intrinsic value (millions)
Outstanding, beginning of year	**15**	**$ 62**		
Granted	**2**	**73**		
Exercised	**(2)**	**57**		
Forfeitures and expirations	**(1)**	**70**		
Outstanding, end of year	**14**	**$ 64**	**6.5**	**$ 36**
Exercisable, end of year	**10**	**$ 60**	**5.6**	**$ 36**

Additionally, option activity for the comparable prior year periods is presented in the following table:

(millions, except per share data)	2016	2015
Outstanding, beginning of year	19	21
Granted	3	3
Exercised	(6)	(5)
Forfeitures and expirations	(1)	—
Outstanding, end of year	15	19
Exercisable, end of year	8	10
Weighted- average exercise price:		
Outstanding, beginning of year	$ 58	$ 56
Granted	76	64
Exercised	56	53
Forfeitures and expirations	67	60
Outstanding, end of year	$ 62	$ 58
Exercisable, end of year	$ 58	$ 55

The total intrinsic value of options exercised during the periods presented was (in millions): 2017–$22; 2016–$145; 2015–$65.

Other stock- based awards

During the periods presented, other stock- based awards consisted principally of executive performance shares and restricted stock granted under the 2017 and 2013 Plans.

In the first quarter of 2017, the Company granted performance shares to a limited number of senior executive- level employees, which entitle these employees to receive a specified number of shares of the Company's common stock upon vesting. The number of shares earned could range between 0 and 200% of the target amount depending upon performance achieved over the three year vesting period. The performance conditions of the award include three- year currency- neutral comparable operating margin and total shareholder return (TSR) of the Company's common stock relative to a select group of peer companies.

A Monte Carlo valuation model was used to determine the fair value of the awards. The TSR performance metric is a market condition. Therefore, compensation cost of the TSR condition is fixed at the measurement date and is not revised based on actual performance. The TSR metric was valued as a multiplier of possible levels of currency- neutral comparable operating margin expansion. Compensation cost related to currency- neutral comparable operating margin performance is revised for changes in the expected outcome. The 2017 target grant currently corresponds to approximately 126,000 shares, with a grant- date fair value of $67 per share.

In 2016, the Company granted performance shares to a limited number of senior executive- level employees, which entitle these employees to receive a specified number of shares of the Company's common stock upon vesting. The number of shares earned could range between 0 and 200% of the target amount depending upon performance achieved over the three year vesting period. The performance conditions of the award include three- year currency- neutral comparable operating profit growth and total shareholder return (TSR) of the Company's common stock relative to a select group of peer companies. The 2016 target grant currently corresponds to approximately 133,000 shares, with a grant- date fair value of $80 per share.

In 2015, the Company granted performance shares to a limited number of senior executive- level employees, which entitle these employees to receive a specified number of shares of the Company's common stock upon vesting. The number of shares earned could range between 0 and 200% of the target amount depending upon performance achieved over the three year vesting period. The performance conditions of the award include three- year cumulative operating cash flow and TSR of the Company's common stock relative to a select group of peer companies. The 2015 target grant currently corresponds to approximately 145,000 shares, with a grant- date fair value of $58 per share.

Based on the market price of the Company’s common stock at year- end 2017, the maximum future value that could be awarded on the vesting date was (in millions): 2017 award–$17; 2016 award– $18; and 2015 award–$20. The 2014 performance share award, payable in stock, was settled at 35% of target in February 2017 for a total dollar equivalent of $5 million.

The Company also grants restricted stock and restricted stock units to eligible employees under the 2017 Plan. Restrictions with respect to sale or transferability generally lapse after three years and, in the case of restricted stock, the grantee is normally entitled to receive shareholder dividends during the vesting period. Management estimates the fair value of restricted stock grants based on the market price of the underlying stock on the date of grant. A summary of restricted stock and restricted stock unit activity for the year ended December 30, 2017, is presented in the following table:

Employee restricted stock and restricted stock units	Shares (thousands)	Weighted-average grant-date fair value
Non- vested, beginning of year	1,166	$ 63
Granted	776	65
Vested	(109)	58
Forfeited	(160)	65
Non- vested, end of year	1,673	$ 65

Additionally, restricted stock and restricted stock unit activity for 2016 and 2015 is presented in the following table:

Employee restricted stock and restricted stock units	2016	2015
Shares (in thousands):		
Non- vested, beginning of year	806	346
Granted	601	617
Vested	(116)	(113)
Forfeited	(125)	(44)
Non- vested, end of year	1,166	806
Weighted- average exercise price:		
Non- vested, beginning of year	$ 57	$ 54
Granted	70	59
Vested	56	50
Forfeited	63	58
Non- vested, end of year	$ 63	$ 57

The total fair value of restricted stock and restricted stock units vesting in the periods presented was (in millions): 2017–$5; 2016–$7; 2015–$7.

NOTE 10
PENSION BENEFITS

The Company sponsors a number of U.S. and foreign pension plans to provide retirement benefits for its employees. The majority of these plans are funded or unfunded defined benefit plans, although the Company does participate in a limited number of multiemployer or other defined contribution plans for certain employee groups. See Note 12 for more information regarding the Company’s participation in multiemployer plans. Defined benefits for salaried employees are generally based on salary and years of service, while union employee benefits are generally a negotiated amount for each year of service. The Company uses a December 31 measurement date for these plans and, when necessary, adjusts for plan contributions and significant events between December 31 and its fiscal year- end.

In September 2017, the Company amended certain defined benefit pension plans in the U.S. and Canada for salaried employees. As of December 31, 2018, the amendment will freeze the compensation and service periods used to calculate pension benefits for active salaried employees who participate in the affected pension plans. During the third quarter of 2017, the Company recognized related pension curtailment gains totaling $136 million included within Project K restructuring activity.

Beginning January 1, 2019, impacted employees will not accrue additional benefits for future service and eligible compensation received under these plans. Concurrently, the Company also amended its 401(k) savings plans effective January 1, 2019, to make previously ineligible salaried U.S. and Canada employees eligible for Company retirement contributions, which range from 3% to 7% of eligible compensation based on the employee’s length of employment.

Obligations and funded status

The aggregate change in projected benefit obligation, plan assets, and funded status is presented in the following tables.

(millions)	**2017**	2016
Change in projected benefit obligation		
Beginning of year	**$ 5,510**	$ 5,316
Service cost	**96**	98
Interest cost	**164**	174
Plan participants' contributions	**1**	1
Amendments	**6**	5
Actuarial (gain)loss	**264**	404
Benefits paid	**(395)**	(299)
Curtailment and special termination benefits	**(156)**	(1)
Other	**1**	2
Foreign currency adjustments	**157**	(190)
End of year	**$ 5,648**	$ 5,510
Change in plan assets		
Fair value beginning of year	**$ 4,544**	$ 4,584
Actual return on plan assets	**666**	415
Employer contributions	**31**	18
Plan participants' contributions	**1**	1
Benefits paid	**(364)**	(268)
Other	**1**	2
Foreign currency adjustments	**164**	(208)
Fair value end of year	**$ 5,043**	$ 4,544
Funded status	**$ (605)**	$ (966)
Amounts recognized in the Consolidated Balance Sheet consist of		
Other assets	**$ 252**	$ 66
Other current liabilities	**(19)**	(11)
Other liabilities	**(838)**	(1,021)
Net amount recognized	**$ (605)**	$ (966)
Amounts recognized in accumulated other comprehensive income consist of		
Prior service cost	**$ 48**	$ 56
Net amount recognized	**$ 48**	$ 56

The accumulated benefit obligation for all defined benefit pension plans was $5.4 billion and $5.1 billion at December 30, 2017 and December 31, 2016, respectively. Information for pension plans with accumulated benefit obligations in excess of plan assets were:

(millions)	**2017**	2016
Projected benefit obligation	**$ 4,119**	$ 3,940
Accumulated benefit obligation	**$ 4,051**	$ 3,737
Fair value of plan assets	**$ 3,279**	$ 2,938

Expense

The components of pension expense are presented in the following table. Pension expense for defined contribution plans relates to certain foreign- based defined contribution plans and multiemployer plans in the United States in which the Company participates on behalf of certain unionized workforces.

(millions)	**2017**	2016	2015
Service cost	**$ 96**	$ 98	$ 114
Interest cost	**164**	174	206
Expected return on plan assets	**(371)**	(352)	(399)
Amortization of unrecognized prior service cost	**9**	13	13
Recognized net (gain) loss	**(36)**	323	303
Net periodic benefit cost	**(138)**	256	237
Curtailment and special termination benefits	**(151)**	1	(1)
Pension (income) expense:			
Defined benefit plans	**(289)**	257	236
Defined contribution plans	**34**	36	40
Total	**$ (255)**	$ 293	$ 276

The estimated prior service cost for defined benefit pension plans that will be amortized from accumulated other comprehensive income into pension expense over the next fiscal year is approximately $8 million.

The Company and certain of its subsidiaries sponsor 401(k) or similar savings plans for active employees. Expense related to these plans was (in millions): 2017 – $41 million; 2016 – $39 million; 2015 – $40 million. These amounts are not included in the preceding expense table. Company contributions to these savings plans approximate annual expense. Company contributions to multiemployer and other defined contribution pension plans approximate the amount of annual expense presented in the preceding table.

Assumptions

The worldwide weighted- average actuarial assumptions used to determine benefit obligations were:

	2017	2016	2015
Discount rate	**3.3%**	3.6%	4.1%
Long- term rate of compensation increase	**3.9%**	3.9%	3.9%

The worldwide weighted- average actuarial assumptions used to determine annual net periodic benefit cost were:

	2017	2016	2015
Discount rate	**3.6%**	4.1%	3.9%
Long- term rate of compensation increase	**3.9%**	3.9%	4.0%
Long- term rate of return on plan assets	**8.1%**	8.1%	8.3%

To determine the overall expected long- term rate of return on plan assets, the Company models expected returns over a 20- year investment horizon with respect to the specific investment mix of its major plans. The return assumptions used reflect a combination of rigorous historical performance analysis and forward- looking views of the financial markets including consideration of current yields on long- term bonds, price- earnings ratios of the major stock market indices, and long- term inflation. The U.S. model, which corresponds to approximately 71% of consolidated pension and other postretirement benefit plan assets, incorporates a long- term inflation assumption of 2.5% and an active management premium of 1% (net of fees) validated by historical analysis. Similar methods are used for various foreign plans with invested assets, reflecting local economic conditions. The expected rate of return for 2017 of 8.5% for the U.S. plans equated to approximately the 62nd percentile expectation. Refer to Note 1.

At the end of 2014, the Company revised its mortality assumption after considering the Society of Actuaries' (SOA) updated mortality tables and improvement scale, as well as other mortality information available from the Social Security Administration to develop assumptions aligned with the Company's expectation of future improvement rates. In determining the appropriate mortality assumptions as of December 30, 2017, the Company considered the SOA's 2017 updated improvement scale. The SOA's 2017 scale incorporates changes consistent with the Company's view of future mortality improvements established in 2014. Therefore, the Company adopted the 2017 SOA improvement scales. The change to the mortality assumption decreased the year- end pension liability by $21 million.
To conduct the annual review of discount rates, the Company selected the discount rate based on a cash- flow matching analysis using Towers Watson's proprietary RATE:Link tool and projections of the future benefit payments that constitute the projected benefit obligation for the plans. RATE:Link establishes the uniform discount rate that produces the same present value of the estimated future benefit payments, as is generated by discounting each year's benefit payments by a spot rate applicable to that year. The spot rates used in this process are derived from a yield curve created from yields on the 40th to 90th percentile of U.S. high quality bonds. A similar methodology is applied in Canada and Europe, except the smaller bond markets imply that yields between the 10th and 90th percentiles are preferable and in the U.K. the underlying yield curve was derived after further adjustments to the universe of bonds to remove bonds from issuers where it is not clear if they are truly corporate bonds. The measurement dates for the defined benefit plans are consistent with the Company's fiscal year end. Accordingly, the Company selected discount rates to measure the benefit obligations consistent with market indices at year- end.
Beginning in 2016, the Company changed the method used to estimate the service and interest costs for pension and postretirement benefits. The new method utilized a full yield curve approach to estimate service and interest costs by applying specific spot rates along the yield curve used to determine the benefit obligation of relevant projected cash outflows. Historically, the Company utilized a single weighted- average discount rate applied to projected cash outflows. The Company made the change to provide a more precise measurement of service and interest costs by aligning the timing of the plan's liability cash flows to the corresponding spot rate on the yield curve. The change did not impact the measurement of the plan's obligations. The Company accounted for this change as a change in accounting estimate. As a result of the change, 2016 interest and service cost for pension and postretirement benefit plans were approximately $30 million and $10 million lower, respectively.

Plan assets

The Company categorized Plan assets within a three level fair value hierarchy described as follows:
Investments stated at fair value as determined by quoted market prices (Level 1) include:
Cash and cash equivalents: Value based on cost, which approximates fair value.
Corporate stock, common: Value based on the last sales price on the primary exchange.
Investments stated at estimated fair value using significant observable inputs (Level 2) include:
Cash and cash equivalents: Institutional short- term investment vehicles valued daily.
Mutual funds: Valued at the net asset value of shares held by the Plan at year end.
Collective trusts: Value based on the net asset value of units held at year end.
Bonds: Value based on matrices or models from pricing vendors.
Limited partnerships: Value based on the ending net capital account balance at year end.
Investments stated at estimated fair value using significant unobservable inputs (Level 3) include:
Real estate: Value based on the net asset value of units held at year end. The fair value of real estate holdings is based on market data including earnings capitalization, discounted cash flow analysis, comparable sales transactions or a combination of these methods.
Buy- in annuity contracts: Value based on the calculated pension benefit obligation covered by the non- participating annuity contracts at year- end.
Bonds: Value based on matrices or models from brokerage firms. A limited number of the investments are in default.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Company’s practice regarding the timing of transfers between levels is to measure transfers in at the beginning of the month and transfers out at the end of the month. For the year ended December 30, 2017, the Company had no transfers between Levels 1 and 2.

The fair value of Plan assets as of December 30, 2017 summarized by level within the fair value hierarchy are as follows:

(millions)	**Total Level 1**	**Total Level 2**	**Total Level 3**	**Total NAV (practical expedient)(a)** 67	**Total**
Cash and cash equivalents	**$ 66**	**$ 21**	**$ —**	**$ —**	**$ 87**
Corporate stock, common:					
Domestic	**500**	**—**	**—**	**—**	**500**
International	**17**	**1**	**—**	**—**	**18**
Mutual funds:					
International equity	**—**	**120**	**—**	**38**	**158**
Domestic debt	**—**	**—**	**—**	**36**	**36**
Collective trusts:					
Domestic equity	**—**	**—**	**—**	**525**	**525**
International equity	**—**	**176**	**—**	**1,390**	**1,566**
Other international debt	**—**	**—**	**—**	**365**	**365**
Limited partnerships	**—**	**—**	**—**	**591**	**591**
Bonds, corporate	**—**	**482**	**—**	**—**	**482**
Bonds, government	**—**	**177**	**—**	**—**	**177**
Bonds, other	**—**	**63**	**—**	**—**	**63**
Buy- in annuity contract	**—**	**—**	**—**	**—**	**—**
Real estate	**—**	**—**	**—**	**284**	**284**
Other	**—**	**128**	**—**	**63**	**191**
Total	**$ 583**	**$ 1,168**	**$ —**	**$ 3,292**	**$ 5,043**

(a) Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

The fair value of Plan assets at December 31, 2016 are summarized as follows:

(millions)	Total Level 1	Total Level 2	Total Level 3	Total NAV (practical expedient)(a)	Total
Cash and cash equivalents	$ 54	$ 12	$ —	$ —	$ 66
Corporate stock, common:					
Domestic	482	—	—	—	482
International	31	1	—	—	32
Mutual funds:					
International equity	—	116	—	32	148
Domestic debt	—	24	—	42	66
Collective trusts:					
Domestic equity	—	—	—	653	653
International equity	—	138	—	1,112	1,250
Other international debt	—	—	—	310	310
Limited partnerships	—	—	—	485	485
Bonds, corporate	—	452	—	—	452
Bonds, government	—	158	—	—	158
Bonds, other	—	41	—	—	41
Buy- in annuity contract	—	—	131	—	131
Real estate	—	—	—	117	117
Other	—	96	—	57	153
Total	$ 567	$ 1,038	$ 131	$ 2,808	$ 4,544

(a) Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

There were no unfunded commitments to purchase investments at December 30, 2017 or December 31, 2016.

The Company's investment strategy for its major defined benefit plans is to maintain a diversified portfolio of asset classes with the primary goal of meeting long- term cash requirements as they become due. Assets are invested in a prudent manner to maintain the security of funds while maximizing returns within the Plan's investment policy. The investment policy specifies the type of investment vehicles appropriate for the Plan, asset allocation guidelines, criteria for the selection of investment managers, procedures to monitor overall investment performance as well as investment manager performance. It also provides guidelines enabling Plan fiduciaries to fulfill their responsibilities.

The current weighted- average target asset allocation reflected by this strategy is: equity securities–58%; debt securities–20%; real estate and other–22%. Investment in Company common stock represented 1.2% and 1.5% of consolidated plan assets at December 30, 2017 and December 31, 2016, respectively. Plan funding strategies are influenced by tax regulations and funding requirements. The Company currently expects to contribute, before consideration of incremental discretionary contributions, approximately $24 million to its defined benefit pension plans during 2018. Additionally, the Company anticipates adjusting targeted asset allocation to a more conservative investment mix that will likely result in a lower Expected Rate of Return assumption for 2018.

Level 3 gains and losses

Changes in the fair value of the Plan's Level 3 assets are summarized as follows:

(millions)	Buy- in Annuity Contract	Other	Total
January 2, 2016	$ 135	$ 6	$ 141
Sales	—	(3)	(3)
Purchases	—	—	—
Transfers	—	(3)	(3)
Realized and unrealized gain	(7)	—	(7)
Currency translation	3	—	3
December 31, 2016	$ 131	$ —	$ 131
Sales	(131)	—	(131)
Purchases	—	—	—
Transfers	—	—	—
Realized and unrealized gain	—	—	—
Currency translation	—	—	—
December 30, 2017	**$ —**	**$ —**	**$ —**

The net change in Level 3 assets includes a gain attributable to the change in unrealized holding gains or losses related to Level 3 assets held at December 30, 2017 was zero and $(7) million at December 31, 2016.

Benefit payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in millions): 2018–$261; 2019–$256; 2020–$263; 2021–$276; 2022–$276; 2023 to 2027–$1,448.

NOTE 11
NONPENSION POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

Postretirement

The Company sponsors a number of plans to provide health care and other welfare benefits to retired employees in the United States and Canada, who have met certain age and service requirements. The majority of these plans are funded or unfunded defined benefit plans, although the Company does participate in a limited number of multiemployer or other defined contribution plans for certain employee groups. The Company contributes to voluntary employee benefit association (VEBA) trusts to fund certain U.S. retiree health and welfare benefit obligations. The Company uses a December 31 measurement date for these plans and, when necessary, adjusts for plan contributions and significant events between December 31 and its fiscal year- end.

Obligations and funded status

The aggregate change in accumulated postretirement benefit obligation, plan assets, and funded status is presented in the following tables.

(millions)	2017	2016
Change in accumulated benefit obligation		
Beginning of year	**$ 1,161**	$ 1,163
Service cost	**18**	21
Interest cost	**37**	39
Actuarial (gain) loss	**29**	2
Benefits paid	**(61)**	(65)
Curtailments	**3**	—
Amendments	**—**	—
Foreign currency adjustments	**3**	1
End of year	**$ 1,190**	$ 1,161
Change in plan assets		
Fair value beginning of year	**$ 1,136**	$ 1,084
Actual return on plan assets	**217**	111
Employer contributions	**13**	15
Benefits paid	**(74)**	(74)
Fair value end of year	**$ 1,292**	$ 1,136
Funded status	**$ 102**	$ (25)
Amounts recognized in the Consolidated Balance Sheet consist of		
Other non- current assets	**$ 144**	$ 17
Other current liabilities	**(2)**	(2)
Other liabilities	**(40)**	(40)
Net amount recognized	**$ 102**	$ (25)
Amounts recognized in accumulated other comprehensive income consist of		
Prior service credit	**(77)**	(86)
Net amount recognized	**$ (77)**	$ (86)

Expense

Components of postretirement benefit expense (income) were:

(millions)	2017	2016	2015
Service cost	**$ 18**	$ 21	$ 29
Interest cost	**37**	39	48
Expected return on plan assets	**(98)**	(90)	(100)
Amortization of unrecognized prior service credit	**(9)**	(9)	(5)
Recognized net (gain) loss	**(90)**	(19)	112
Net periodic benefit cost	**(142)**	(58)	84
Curtailment	**3**	—	—
Postretirement benefit expense:			
Defined benefit plans	**(139)**	(58)	84
Defined contribution plans	**16**	17	14
Total	**$ (123)**	$ (41)	$ 98

The estimated prior service credit that will be amortized from accumulated other comprehensive income into nonpension postretirement benefit expense over the next fiscal year is expected to be approximately $9 million.

Assumptions

The weighted- average actuarial assumptions used to determine benefit obligations were:

	2017	2016	2015
Discount rate	**3.6%**	4.0%	4.2%

The weighted- average actuarial assumptions used to determine annual net periodic benefit cost were:

	2017	2016	2015
Discount rate	**4.0%**	4.2%	4.0%
Long- term rate of return on plan assets	**8.5%**	8.5%	8.5%

The Company determines the overall discount rate and expected long- term rate of return on VEBA trust obligations and assets in the same manner as that described for pension trusts in Note 10.

The assumed health care cost trend rate is 5.7% for 2018, decreasing 0.25% annually to 4.5% by the year 2023 and remaining at that level thereafter. These trend rates reflect the Company's historical experience and management's expectations regarding future trends.

A one percentage point change in assumed health care cost trend rates would have the following effects:

(millions)	One percentage point increase	One percentage point decrease
Effect on total of service and interest cost components	$ 7	$ (4)
Effect on postretirement benefit obligation	117	(79)

Plan assets

The fair value of Plan assets as of December 30, 2017 summarized by level within fair value hierarchy described in Note 10, are as follows:

(millions)	Total Level 1	Total Level 2	Total Level 3	Total NAV (practical expedient)(a)	Total
Cash and cash equivalents	$ —	$ 13	$ —	$ —	$ 13
Corporate stock, common:					
Domestic	141	—	—	—	141
International	8	—	—	—	8
Mutual funds:					
Domestic equity	—	52	—	—	52
International equity	—	40	—	—	40
Domestic debt	—	52	—	—	52
Collective trusts:					
Domestic equity	—	—	—	273	273
International equity	—	—	—	266	266
Limited partnerships	—	—	—	215	215
Bonds, corporate	—	117	—	—	117
Bonds, government	—	53	—	—	53
Bonds, other	—	9	—	—	9
Real estate	—	—	—	51	51
Other	—	2	—	—	2
Total	$ 149	$ 338	$ —	$ 805	$ 1,292

(a) Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

The fair value of Plan assets at December 31, 2016 are summarized as follows:

(millions)	Total Level 1	Total Level 2	Total Level 3	Total NAV (practical expedient)(a)	Total
Cash and cash equivalents	$ 4	$ 6	$ —	$ —	$ 10
Corporate stock, common:					
Domestic	143	—	—	—	143
International	6	1	—	—	7
Mutual funds:					
Domestic equity	—	57	—	—	57
International equity	—	30	—	—	30
Domestic debt	—	53	—	—	53
Collective trusts:					
Domestic equity	—	—	—	272	272
International equity	—	—	—	210	210
Limited partnerships	—	—	—	177	177
Bonds, corporate	—	117	—	—	117
Bonds, government	—	48	—	—	48
Bonds, other	—	10	—	—	10
Other	—	2	—	—	2
Total	$ 153	$ 324	$ —	$ 659	$ 1,136

(a) Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

The Company’s asset investment strategy for its VEBA trusts is consistent with that described for its pension trusts in Note 10. The current target asset allocation is 70% equity securities, 23% debt securities, and 7% real estate. The Company currently expects to contribute approximately $13 million to its VEBA trusts during 2018. Additionally, the Company anticipates adjusting targeted asset allocation to a more conservative investment mix that will likely result in a lower expected rate of return assumption for 2018.

There were no Level 3 assets during 2017 and 2016.

Postemployment

Under certain conditions, the Company provides benefits to former or inactive employees, including salary continuance, severance, and long- term disability, in the United States and several foreign locations. The Company's postemployment benefit plans are unfunded. Actuarial assumptions used are generally consistent with those presented for pension benefits in Note 10. During 2017, the Company reduced its incidence rate assumption based on our review of historical experience, resulting in an actuarial gain of $31 million.

The aggregate change in accumulated postemployment benefit obligation and the net amount recognized were:

(millions)	**2017**	2016
Change in accumulated benefit obligation		
Beginning of year	**$ 87**	$ 108
Service cost	**6**	7
Interest cost	**3**	3
Actuarial (gain)loss	**(45)**	(25)
Benefits paid	**(8)**	(6)
Amendments	**—**	—
Foreign currency adjustments	**—**	—
End of year	**$ 43**	$ 87
Funded status	**$ (43)**	$ (87)
Amounts recognized in the Consolidated Balance Sheet consist of		
Other current liabilities	**$ (4)**	$ (8)
Other liabilities	**(39)**	(79)
Net amount recognized	**$ (43)**	$ (87)
Amounts recognized in accumulated other comprehensive income consist of		
Net prior service cost	**$ 5**	$ 6
Net experience gain	**(46)**	(1)
Net amount recognized	**$ (41)**	$ 5

Components of postemployment benefit expense were:

(millions)	**2017**	2016	2015
Service cost	**$ 6**	$ 7	$ 7
Interest cost	**3**	3	4
Amortization of unrecognized prior service cost	**1**	1	1
Recognized net loss	**—**	3	3
Postemployment benefit expense	**$ 10**	$ 14	$ 15

The estimated net experience gain and net prior service cost that will be amortized from accumulated other comprehensive income into postemployment benefit expense over the next fiscal year is $5 million and $1 million, respectively.

Benefit payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

(millions)	Postretirement	Postemployment
2018	$ 81	$ 4
2019	76	4
2020	73	4
2021	72	4
2022	73	3
2023- 2027	367	18

NOTE 12
MULTIEMPLOYER PENSION AND POSTRETIREMENT PLANS

The Company contributes to multiemployer defined contribution pension and postretirement benefit plans under the terms of collective-bargaining agreements that cover certain unionized employee groups in the United States. Contributions to these plans are included in total pension and postretirement benefit expense as reported in Note 10 and Note 11, respectively.

Pension benefits

The risks of participating in multiemployer pension plans are different from single- employer plans. Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan are borne by the remaining participating employers.

The Company's participation in multiemployer pension plans for the year ended December 30, 2017, is outlined in the table below. The "EIN/PN" column provides the Employer Identification Number (EIN) and the three- digit plan number (PN). The most recent Pension Protection Act (PPA) zone status available for 2017 and 2016 is for the plan year- ends as indicated below. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are between 65 percent and 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. In addition to regular plan contributions, the Company may be subject to a surcharge if the plan is in the red zone. The "Surcharge Imposed" column indicates whether a surcharge has been imposed on contributions to the plan. The last column lists the expiration date(s) of the collective- bargaining agreement(s) (CBA) to which the plans are subject.

		PPA Zone Status			Contributions (millions)				
Pension trust fund	**EIN/PN**	**2017**	**2016**	**FIP/RP Status**	**2017**	**2016**	**2015**	**Surcharge Imposed**	**Expiration Date of CBA**
Bakery and Confectionery Union and Industry International Pension Fund (a)	52-6118572 / 001	Red - 12/31/2017	Red - 12/31/2016	Implemented	**$ 6.6**	$ 4.8	$ 5.1	Yes	12/17/2019 to 3/16/2021 (b)
Central States, Southeast and Southwest Areas Pension Fund	36-6044243 / 001	Red - 12/31/217	Red - 12/31/2016	Implemented	**4.8**	4.8	4.8	Yes	7/29/2018 (b)
Western Conference of Teamsters Pension Trust	91-6145047 / 001	Green - 12/31/2017	Green - 12/31/2016	NA	**1.4**	1.0	1.6	No	3/24/2018 (c)
Hagerstown Motor Carriers and Teamsters Pension Fund	52-6045424 / 001	Red - 6/30/2018	Red - 6/30/2017	Implemented	**0.4**	0.6	0.5	No	(d)
Local 734 Pension Plan	51-6040136 / 001	Red - 4/30/2018	Red - 4/30/2017	Implemented	**0.2**	0.2	0.3	Yes	(d)
Twin Cities Bakery Drivers Pension Plan	41-6172265 / 001	Green - 12/31/2017	Green - 12/31/2016	NA	**0.2**	0.2	0.2	Yes	(d)
Upstate New York Bakery Drivers and Industry Pension Fund	15-0612437 / 001	Green - 6/30/2017	Green - 6/30/2016	NA	**0.1**	—	0.2	No	(d)
Other Plans					**2.2**	2.1	2.0		(e)
Total contributions:					**$ 15.9**	$ 13.7	$ 14.7		

(a) The Company is party to multiple CBAs requiring contributions to this fund, each with its own expiration date. Over 80 percent of the Company's participants in this fund are covered by a single CBA that expires on 3/16/2021.

(b) During 2017, the Company terminated certain CBAs covered by these funds. Because of the Company's level of continuing involvement in each fund, the Company does not anticipate being subject to a withdrawal liability. The Company does not expect a material change in contributions for 2018.

(c) During 2017, the Company terminated certain CBAs covered by this fund. As a result, the Company has partially withdrawn from the fund and recognized expense for its estimated withdrawal liability. The Company does not expect a material change in contributions for 2018.

(d) During 2017, the Company terminated the CBAs, and withdrew from the funds. As a result, the Company recognized expense for the estimated withdrawal liability and will make no contributions in 2018.

(e) During 2017, the Company terminated the CBAs covered by certain of these funds. As a result, for the impacted funds, the Company recognized expense for the estimated withdrawal liability and will make no contributions in 2018.

The Company was listed in the Forms 5500 of the following plans as of the following plan year ends as providing more than 5 percent of total contributions:

Pension trust fund	Contributions to the plan exceeded more than 5% of total contributions (as of the Plan's year end)
Hagerstown Motor Carriers and Teamsters Pension Fund	6/30/2016, 6/30/2015 and 6/30/2014
Local 734 Pension Plan	4/30/2017, 4/30/2016 and 4/30/2015
Twin Cities Bakery Drivers Pension Plan	12/31/2016, 12/31/2015 and 12/31/2014
Upstate New York Bakery Drivers and Industry Pension Fund	6/30/2016, 6/30/2015 and 6/30/2014

At the date the Company's financial statements were issued, certain Forms 5500 were not available for the plan years ending in 2017.

In addition to regular contributions, the Company could be obligated to pay additional amounts, known as a withdrawal liability, if a multiemployer pension plan has unfunded vested benefits and the Company decreases or ceases participation in that plan. In 2017, the Company recognized expense totaling $26 million related to the exit of several multiemployer plans associated with Project K restructuring activity. This amount represents management's best estimate, actual results could differ. The cash obligation is payable over a maximum 20- year period; management has not determined the actual period over which the payments will be made. Net estimated withdrawal expense related to curtailment and special termination benefits associated with the Company's withdrawal from multiemployer plans was not material for the fiscal years ended 2016 and 2015.

Postretirement benefits

Multiemployer postretirement benefit plans provide health care and other welfare benefits to active and retired employees who have met certain age and service requirements. Contributions to multiemployer postretirement benefit plans were (in millions): 2017 – $16; 2016 – $17; 2015 – $14.

NOTE 13
INCOME TAXES

The components of income before income taxes and the provision for income taxes were as follows:

(millions)	2017	2016	2015
Income before income taxes			
United States	**$ 1,109**	$ 830	$ 551
Foreign	**565**	97	222
	1,674	927	773
Income taxes			
Currently payable			
Federal	**358**	173	212
State	**31**	26	42
Foreign	**79**	60	74
	468	259	328
Deferred			
Federal	**(39)**	16	(136)
State	**8**	6	(14)
Foreign	**(25)**	(48)	(19)
	(56)	(26)	(169)
Total income taxes	**$ 412**	$ 233	$ 159

The difference between the U.S. federal statutory tax rate and the Company's effective income tax rate was:

	2017	2016	2015
U.S. statutory income tax rate	**35.0 %**	35.0 %	35.0 %
Foreign rates varying from 35%	**(6.7)**	(5.0)	(9.6)
Excess tax benefits on share- based compensation	**(0.3)**	(3.7)	—
State income taxes, net of federal benefit	**1.4**	2.4	2.3
Cost (benefit) of remitted and unremitted foreign earnings	**0.1**	0.1	(4.4)
U.S. deduction for qualified production activities	**(1.4)**	(2.8)	(2.3)
Statutory rate changes, deferred tax impact	**(9.0)**	(0.1)	(0.8)
U.S. deemed repatriation tax	**10.4**	—	—
Intangible property transfer	**(2.4)**	—	—
Venezuela deconsolidation	**—**	1.8	—
Venezuela remeasurement	**—**	0.4	5.0
VIE deconsolidation	**—**	—	(2.3)
Other	**(2.5)**	(2.9)	(2.3)
Effective income tax rate	**24.6 %**	25.2 %	20.6 %

As presented in the preceding table, the Company's 2017 consolidated effective tax rate was 24.6%, as compared to 25.2% in 2016 and 20.6% in 2015.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (Tax Act). The Tax Act makes broad and complex changes to the U.S. tax code which impact our year ended December 30, 2017 including but not limited to, reducing the corporate tax rate from 35% to 21%, requiring a one- time transition tax on certain unrepatriated earnings of foreign subsidiaries that may be electively paid over eight years, and accelerating first year expensing of certain capital expenditures.

Shortly after the Tax Act was enacted, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (SAB 118), which provides guidance on accounting for the Tax Act's impact. SAB 118 provides a measurement period, which in no case should extend beyond one year from the Tax Act enactment date, during which a company may complete the accounting for the impacts of the Tax Act under ASC Topic 740. Per SAB 118, the Company must reflect the income tax effects of the Tax Act in the reporting period in which the accounting under ASC Topic 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete, the Company can determine a reasonable estimate for those effects and record a provisional estimate in the financial statements in the first reporting period in which a reasonable estimate can be determined. If a Company cannot determine a provisional estimate to be included in the financial statements, the Company should continue to apply ASC 740 based on the provisions of the tax laws that were in effect immediately prior to the Tax Act being enacted. If a Company is unable to provide a reasonable estimate of the impacts of the Tax Act in a reporting period, a provisional amount must be recorded in the first reporting period in which a reasonable estimate can be determined.

The Company's year end income tax provision includes $4 million of net additional income tax expense during the quarter ended December 30, 2017, driven by the reduction in the U.S. corporate tax rate and the transition tax on foreign earnings.

Reduction in U.S. Corporate Tax Rate: The tax provision includes a tax benefit of $153 million for the remeasurement of certain deferred tax assets and liabilities to reflect the corporate tax rate reduction impact to the Company's net deferred tax balances. This adjustment is considered complete.

Transition tax on foreign earnings: The transition tax is a tax on the previously untaxed accumulated and current earnings and profits of certain of our foreign subsidiaries. In order to determine the amount of the transition tax, the Company must determine, in addition to other factors, the amount of post- 1986 earnings and profits (E&P) of the relevant subsidiaries, as well as the amount of non- U.S. income taxes paid on such earnings. E&P is similar to retained earnings of the subsidiary, but requires other adjustments to conform to U.S. tax rules. As of December 30, 2017, based on accumulated foreign earnings and profits of approximately $2.6 billion, which are primarily in Europe, the Company was able to make a reasonable estimate of the transition tax and recorded a transition tax obligation of $157 million, which the Company expects to elect to pay over eight years. The current portion of $17 million is included within Other current liabilities and the remainder is included within Other liabilities on the balance sheet. However, the Company is awaiting further interpretative guidance, continuing to assess available tax methods and elections, and continuing to gather additional information in order to finalize calculations and complete the accounting for the transition tax liability.

In addition to the transition tax, the Tax Act introduced a territorial tax system, which will be effective beginning in 2018. The territorial tax system will impact the Company’s overall global capital and legal entity structure, working capital, and repatriation plan on a go-forward basis. In light of the territorial tax system, and other new international provisions within the Tax Act that are effective beginning in 2018, the Company is currently analyzing its global capital and legal entity structure, working capital requirements, and repatriation plans. Based on the Company's analysis of the territorial tax system and other new international tax provisions as of December 30, 2017, the Company continues to support the assertion to indefinitely reinvest $2.6 billion of accumulated foreign earnings and profits in Europe and other non- U.S. jurisdictions. As a result, as a reasonable provisional estimate, the Company did not record any new deferred tax liabilities associated with the territorial tax system or any changes to the indefinite reinvestment assertion. Further, it is impracticable for the Company to estimate any future tax costs for any unrecognized deferred tax liabilities associated with its indefinite reinvestment assertion as of December 30, 2017, because the actual tax liability, if any, would be dependent on complex analysis and calculations considering various tax laws, exchange rates, circumstances existing when a repatriation, sale, or liquidation occurs, or other factors. If there are any changes to our indefinite reinvestment assertion as a result of finalizing our assessment of the new Tax Act, the Company will adjust its provisional estimates, record, and disclose any tax impacts in the appropriate period, pursuant to SAB 118.

As of December 30, 2017, the Company did not identify any items from the Tax Act for which a provisional estimate could not be determined. In addition, other provisions of the Tax Act for which the Company has finalized or is continuing to finalize its accounting are not material (or expected to be material) to the financial statements as of and for the year ended December 30, 2017.

The 2017 effective income tax rate benefited from a deferred tax benefit of $39 million resulting from intercompany transfers of intellectual property under the application of the newly adopted standard. See discussion regarding the adoption of ASU 2016- 16, Intra-Entity Transfers of Assets Other Than Inventory, in Note 1.

The 2016 effective income tax rate benefited from excess tax benefits from share- based compensation totaling $36 million for federal, state, and foreign income taxes. During 2016, as described in Note 16, the Company deconsolidated its Venezuelan operations resulting in a pre- tax charge of $72 million with no significant associated tax benefit. As of December 31, 2016 substantially all foreign earnings were considered permanently invested. Accumulated foreign earnings of approximately $1.9 billion, primarily in Europe, were considered indefinitely reinvested. Due to the varying tax laws around the world and fluctuation in foreign exchange rates, it is not practicable to determine the unrecognized deferred tax liability on these earnings because the actual tax liability, if any, would be dependent on circumstances existing when a repatriation, sale, or liquidation occurs.

The 2015 effective income tax rate benefited due to mark- to- market loss adjustments to the Company's pension plans in primarily higher tax jurisdictions. This resulted in a greater percentage of total income being generated in lower tax jurisdictions and permanent tax differences in the U.S. having a higher percentage impact on the tax rate. In addition, the tax rate benefited from a reduction in tax related to current year remitted and unremitted earnings. The VIE deconsolidation, described in Note 6, included a $67 million non- cash non- taxable gain which positively impacted the tax rate. During 2015, the Company recorded pre- tax charges of $112 million in the Latin America operating segment due to the devaluation of the Venezuelan currency which had no associated tax benefit. As of January 2, 2016 substantially all foreign earnings were considered permanently invested. Accumulated foreign earnings of approximately $2.0 billion, primarily in Europe, were considered indefinitely reinvested. Due to the varying tax laws around the world and fluctuation in foreign exchange rates, it is not practicable to determine the unrecognized deferred tax liability on these earnings because the actual tax liability, if any, would be dependent on circumstances existing when a repatriation, sale, or liquidation occurs. Management monitors the Company's ability to utilize certain future tax deductions, operating losses and tax credit carryforwards, prior to expiration. Changes resulting from management's assessment will result in impacts to deferred tax assets and the corresponding impacts on the effective income tax rate. Valuation allowances were recorded to reduce deferred tax assets to an amount that will, more likely than not, be realized in the future. The total tax benefit of carryforwards at year- end 2017 and 2016 were $239 million and $181 million, respectively, with related valuation allowances at year- end 2017 and 2016 of $153 million and $131 million, respectively. Of the total carryforwards at year- end 2017, substantially all will expire after 2021.

The following table provides an analysis of the Company's deferred tax assets and liabilities as of year- end 2017 and 2016. Deferred tax assets on employee benefits decreased in 2017 due primarily to the impact of the lower U.S. tax rate as a result of the Tax Act, the impact of favorable pension and postretirement plan asset returns, and a curtailment benefit in conjunction with the amendment of certain defined benefit pension plans in the U.S. and Canada for salaried employees freezing the compensation and service periods used to calculate pension benefits for active salaried employees who participate in the affected pension plans. Deferred tax liabilities related to intangible assets decreased as a result of the lower U.S. tax rate.

	Deferred tax assets		Deferred tax liabilities	
(millions)	**2017**	2016	**2017**	2016
U.S. state income taxes	**$ —**	$ —	**$ 48**	$ 34
Advertising and promotion- related	**13**	17	**—**	—
Wages and payroll taxes	**26**	42	**—**	—
Inventory valuation	**20**	28	**—**	—
Employee benefits	**154**	403	**—**	—
Operating loss, credit and other carryforwards	**239**	181	**—**	—
Hedging transactions	**42**	—	**—**	51
Depreciation and asset disposals	**—**	—	**208**	318
Trademarks and other intangibles	**—**	—	**332**	602
Deferred compensation	**25**	38	**—**	—
Stock options	**33**	41	**—**	—
Other	**71**	31	**—**	—
	623	781	**588**	1,005
Less valuation allowance	**(153)**	(131)	**—**	—
Total deferred taxes	**$ 470**	$ 650	**$ 588**	$ 1,005
Net deferred tax asset (liability)	**$ (118)**	$ (355)		
Classified in balance sheet as:				
Other assets	**$ 245**	$ 170		
Other liabilities	**(363)**	(525)		
Net deferred tax asset (liability)	**$ (118)**	$ (355)		

The change in valuation allowance reducing deferred tax assets was:

(millions)	**2017**	2016	2015
Balance at beginning of year	**$ 131**	$ 63	$ 51
Additions charged to income tax expense (a)	**35**	70	23
Reductions credited to income tax expense	**(28)**	(4)	(7)
Currency translation adjustments	**15**	2	(4)
Balance at end of year	**$ 153**	$ 131	$ 63

(a) During 2017, the Company increased deferred tax assets by $15 million related to a foreign loss carryforward related to the acquisition of a majority ownership interest in a natural, bio- organic certified breakfast company. The entire adjustment of $15 million was offset by a corresponding valuation allowance because it is not expected to be used in the future. During 2016, the Company increased its deferred tax assets by $34 million relating to a revision of 2014 foreign loss carryforwards. The entire adjustment of $34 million was offset by a corresponding adjustment in the valuation allowance because it is not expected to be used in the future. These adjustments are not considered material to the previously issued or current year financial statements. Also during 2016, the Company increased its deferred tax assets by $26 million related to a foreign loss carryforward. The entire amount was offset by a corresponding valuation allowance because it is not expected to be used in the future.

Uncertain tax positions

The Company is subject to federal income taxes in the U.S. as well as various state, local, and foreign jurisdictions. The Company's 2017 provision for U.S. federal income taxes represents approximately 80% of the Company's consolidated income tax provision. The Company was chosen to participate in the Internal Revenue Service (IRS) Compliance Assurance Program (CAP) beginning with the 2008 tax year. As a result, with limited exceptions, the Company is no longer subject to U.S. federal examinations by the IRS for years prior to 2017. The Company is under examination for income and non- income tax filings in various state and foreign jurisdictions.

As of December 30, 2017, the Company has classified $8 million of unrecognized tax benefits as a current liability. Management's estimate of reasonably possible changes in unrecognized tax benefits during the next twelve months is comprised of the current liability balance expected to be settled within one year, offset by approximately $5 million of projected additions related primarily to ongoing intercompany transfer pricing activity. Management is currently unaware of any issues under review that could result in significant additional payments, accruals, or other material deviation in this estimate.

Following is a reconciliation of the Company's total gross unrecognized tax benefits as of the years ended December 30, 2017, December 31, 2016 and January 2, 2016. For the 2017 year, approximately $47 million represents the amount that, if recognized, would affect the Company's effective income tax rate in future periods.

(millions)	**2017**	2016	2015
Balance at beginning of year	**$ 63**	$ 73	$ 78
Tax positions related to current year:			
Additions	**6**	6	8
Tax positions related to prior years:			
Additions	**5**	1	9
Reductions	**(8)**	(14)	(12)
Settlements	**(4)**	1	(10)
Lapses in statutes of limitation	**(2)**	(4)	—
Balance at end of year	**$ 60**	$ 63	$ 73

For the year ended December 30, 2017, the Company recognized $2 million of tax- related interest resulting in an accrual balance of $21 million at year- end. For the year ended December 31, 2016, the Company recognized $2 million of tax- related interest resulting in an accrual balance of $19 million at year- end. For the year ended January 2, 2016, the Company paid tax- related interest totaling $3 million reducing the accrual balance to $17 million at year end.

NOTE 14

DERIVATIVE INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The Company is exposed to certain market risks such as changes in interest rates, foreign currency exchange rates, and commodity prices, which exist as a part of its ongoing business operations. Management uses derivative financial and commodity instruments, including futures, options, and swaps, where appropriate, to manage these risks. Instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the contract.

The Company designates derivatives as cash flow hedges, fair value hedges, net investment hedges, and uses other contracts to reduce volatility in interest rates, foreign currency and commodities. As a matter of policy, the Company does not engage in trading or speculative hedging transactions.

Total notional amounts of the Company's derivative instruments as of December 30, 2017 and December 31, 2016 were as follows:

(millions)	**2017**	2016
Foreign currency exchange contracts	**$ 2,172**	$ 1,396
Interest rate contracts	**2,250**	2,185
Commodity contracts	**544**	437
Total	**$ 4,966**	$ 4,018

Following is a description of each category in the fair value hierarchy and the financial assets and liabilities of the Company that were included in each category at December 30, 2017 and December 31, 2016, measured on a recurring basis.

Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market. For the Company, level 1 financial assets and liabilities consist primarily of commodity derivative contracts.

Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. For the Company, level 2 financial assets and liabilities consist of interest rate swaps and over- the- counter commodity and currency contracts.

The Company's calculation of the fair value of interest rate swaps is derived from a discounted cash flow analysis based on the terms of the contract and the interest rate curve. Over- the- counter commodity derivatives are valued using an income approach based on the commodity index prices less the contract rate multiplied by the notional amount. Foreign currency contracts are valued using an income approach based on forward rates less the contract rate multiplied by the notional amount. The Company's calculation of the fair value of level 2 financial assets and liabilities takes into consideration the risk of nonperformance, including counterparty credit risk.

Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. The Company did not have any level 3 financial assets or liabilities as of December 30, 2017 or December 31, 2016.

The following table presents assets and liabilities that were measured at fair value in the Consolidated Balance Sheet on a recurring basis as of December 30, 2017 and December 31, 2016:

Derivatives designated as hedging instruments

	2017			2016		
(millions)	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
Assets:						
Foreign currency exchange contracts:						
Other current assets	**$ —**	**$ —**	**$ —**	$ —	$ 2	$ 2
Interest rate contracts (a):						
Other assets	**—**	**—**	**—**	—	1	1
Total assets	**$ —**	**$ —**	**$ —**	$ —	$ 3	$ 3
Liabilities:						
Interest rate contracts:						
Other liabilities (a)	**—**	**(54)**	**(54)**	—	(65)	(65)
Total liabilities	**$ —**	**$ (54)**	**$ (54)**	$ —	$ (65)	$ (65)

(a) The fair value of the related hedged portion of the Company's long- term debt, a level 2 liability, was $2.3 billion as of December 30, 2017.

Derivatives not designated as hedging instruments

	2017			2016		
(millions)	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
Assets:						
Foreign currency exchange contracts:						
Other current assets	**$ —**	**$ 10**	**$ 10**	$ —	$ 25	$ 25
Commodity contracts:						
Other current assets	**6**	**—**	**6**	13	—	13
Total assets	**$ 6**	**$ 10**	**$ 16**	$ 13	$ 25	$ 38
Liabilities:						
Foreign currency exchange contracts:						
Other current liabilities	**$ —**	**(14)**	**$ (14)**	$ —	$ (11)	$ (11)
Commodity contracts:						
Other current liabilities	**(7)**	**—**	**(7)**	(7)	—	(7)
Total liabilities	**$ (7)**	**$ (14)**	**$ (21)**	$ (7)	$ (11)	$ (18)

The Company has designated a portion of its outstanding foreign currency denominated long- term debt as a net investment hedge of a portion of the Company's investment in its subsidiaries foreign currency denominated net assets. The carrying value of this debt was $2.7 billion and $1.8 billion as of December 30, 2017 and December 31, 2016, respectively.

The Company has elected to not offset the fair values of derivative assets and liabilities executed with the same counterparty that are generally subject to enforceable netting agreements. However, if the Company were to offset and record the asset and liability balances of derivatives on a net basis, the amounts presented in the Consolidated Balance Sheet as of December 30, 2017 and December 31, 2016 would be adjusted as detailed in the following table:

As of December 30, 2017				
		Gross Amounts Not Offset in the Consolidated Balance Sheet		
	Amounts Presented in the Consolidated Balance Sheet	**Financial Instruments**	**Cash Collateral Received/ Posted**	**Net Amount**
Total asset derivatives	**$ 16**	**$ (15)**	**$ —**	**$ 1**
Total liability derivatives	**$ (75)**	**$ 15**	**$ 37**	**$ (23)**

As of December 31, 2016				
		Gross Amounts Not Offset in the Consolidated Balance Sheet		
	Amounts Presented in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Received/ Posted	Net Amount
Total asset derivatives	$ 41	$ (24)	$ —	$ 17
Total liability derivatives	$ (83)	$ 24	$ 48	$ (11)

The effect of derivative instruments on the Consolidated Statement of Income for the years ended December 30, 2017 and December 31, 2016 were as follows:

Derivatives in fair value hedging relationships

(millions)	Location of gain (loss) recognized in income	Gain (loss) recognized in income (a)	
		2017	2016
Foreign currency exchange contracts	OIE	**$ (1)**	$ —
Interest rate contracts	Interest expense	**18**	18
Total		**$ 17**	$ 18

(a) Includes the ineffective portion and amount excluded from effectiveness testing.

Derivatives in cash flow hedging relationships

(millions)	Gain (loss) recognized in AOCI		Location of gain (loss) reclassified from AOCI	Gain (Loss) reclassified from AOCI into income		Location of gain (loss) recognized in income (a)	Gain (loss) recognized in income (a)	
	2017	2016		**2017**	2016		**2017**	2016
Foreign currency exchange contracts	**$ —**	$ 9	COGS	**$ 1**	$ 14	OIE	**$ —**	$ (2)
Foreign currency exchange contracts	**—**	1	SGA expense	**—**	1	OIE	**—**	—
Interest rate contracts	**—**	(65)	Interest expense	**(10)**	(13)	N/A	**—**	—
Commodity contracts	**—**	—	COGS	**—**	(13)	OIE	**—**	—
Total	**$ —**	$ (55)		**$ (9)**	$ (11)		**$ —**	$ (2)

(a) Includes the ineffective portion and amount excluded from effectiveness testing.

Derivatives and non- derivatives in net investment hedging relationships

(millions)	Gain (loss) recognized in AOCI	
	2017	2016
Foreign currency denominated long- term debt	**$ (316)**	$ 88
Foreign currency exchange contracts	**—**	(23)
Total	**$ (316)**	$ 65

Derivatives not designated as hedging instruments

(millions)	Location of gain (loss) recognized in income	Gain (loss) recognized in income	
		2017	2016
Foreign currency exchange contracts	COGS	**$ (8)**	$ 6
Foreign currency exchange contracts	SGA	**(1)**	(1)
Foreign currency exchange contracts	OIE	**(10)**	8
Commodity contracts	COGS	**(18)**	3
Commodity contracts	SGA	**(15)**	3
Total		**$ (52)**	$ 19

During the next 12 months, the Company expects $8 million of net deferred losses reported in accumulated other comprehensive income (AOCI) at December 30, 2017 to be reclassified to income, assuming market rates remain constant through contract maturities.

Certain of the Company’s derivative instruments contain provisions requiring the Company to post collateral on those derivative instruments that are in a liability position if the Company’s credit rating falls below BB+ (S&P), or Baa1 (Moody’s). The fair value of all derivative instruments with credit- risk- related contingent features in a liability position on December 30, 2017 was $59 million. If the credit- risk- related contingent features were triggered as of December 30, 2017, the Company would be required to post additional collateral of $39 million. In addition, certain derivative instruments contain provisions that would be triggered in the event the Company defaults on its debt agreements. There were no collateral posting requirements as of December 30, 2017 triggered by credit- risk- related contingent features.

Other fair value measurements

Fair Value Measurements on a Nonrecurring Basis

As part of Project K, the Company will be consolidating the usage of and disposing certain long- lived assets, including manufacturing facilities and Corporate owned assets over the term of the program. See Note 5 for more information regarding Project K.

During 2017, the were no long- lived asset impairments related to Project K.

During 2016, long- lived assets of $26 million and $57 million, related to manufacturing facilities in the Company's US Snacks and Europe reportable segments, respectively, were written down to estimated fair values of $10 million and $23 million, respectively, due to Project K activities. The Company's calculation of the fair value of these long- lived assets is based on level 3 inputs, including market comparables, market trends and the condition of the assets.

Financial instruments

The carrying values of the Company’s short- term items, including cash, cash equivalents, accounts receivable, accounts payable, notes payable and current maturities of long- term debt approximate fair value. The fair value of the Company’s long- term debt, which are level 2 liabilities, is calculated based on broker quotes. The fair value and carrying value of the Company's long- term debt was $8.3 billion and $7.8 billion, respectively, as of December 30, 2017.

Counterparty credit risk concentration

The Company is exposed to credit loss in the event of nonperformance by counterparties on derivative financial and commodity contracts. Management believes a concentration of credit risk with respect to derivative counterparties is limited due to the credit ratings and use of master netting and reciprocal collateralization agreements with the counterparties and the use of exchange- traded commodity contracts.

Master netting agreements apply in situations where the Company executes multiple contracts with the same counterparty. If these counterparties fail to perform according to the terms of derivative contracts, this could result in a loss to the Company. As of December 30, 2017, there were no counterparties that represented a significant concentration of credit risk to the Company.

For certain derivative contracts, reciprocal collateralization agreements with counterparties call for the posting of collateral in the form of cash, treasury securities or letters of credit if a fair value loss position to the Company or its counterparties exceeds a certain amount. In addition, the company is required to maintain cash margin accounts in connection with its open positions for exchange- traded commodity derivative instruments executed with the counterparty that are subject to enforceable netting agreements. As of December 30, 2017, the Company posted $20 million related to reciprocal collateralization agreements. As of December 30, 2017, the Company posted $17 million in margin deposits for exchange- traded commodity derivative instruments, which was reflected as an increase in accounts receivable, net.

Management believes concentrations of credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers, as well as the large number and geographic dispersion of smaller customers. However, the Company conducts a disproportionate amount of business with a small number of large multinational grocery retailers, with the five largest accounts encompassing approximately 26% of consolidated trade receivables at December 30, 2017.

Refer to Note 1 for disclosures regarding the Company's accounting policies for derivative instruments.

NOTE 15
CONTINGENCIES

The Company is subject to various legal proceedings, claims, and governmental inspections or investigations in the ordinary course of business covering matters such as general commercial, governmental regulations, antitrust and trade regulations, product liability, environmental, intellectual property, workers' compensation, employment and other actions. These matters are subject to uncertainty and the outcome is not predictable with assurance. The Company uses a combination of insurance and self- insurance for a number of risks, including workers' compensation, general liability, automobile liability and product liability.

The Company has established accruals for certain matters where losses are deemed probable and reasonably estimable. There are other claims and legal proceedings pending against the Company for which accruals have not been established. It is reasonably possible that some of these matters could result in an unfavorable judgment against the Company and could require payment of claims in amounts that cannot be estimated at December 30, 2017. Based upon current information, management does not expect any of the claims or legal proceedings pending against the Company to have a material impact on the Company's consolidated financial statements.

NOTE 16
VENEZUELA

Venezuela is considered a highly inflationary economy. As such, the functional currency for the Company's operations in Venezuela is the U.S. dollar for all reporting periods in which they were included in the Company's consolidated results. This required bolivar denominated monetary assets and liabilities to be remeasured into U.S. dollars using an exchange rate at which such balances could be settled as of each balance sheet date. In addition, revenues and expenses were recorded in U.S. dollars at an appropriate rate on the date of the transaction and gains and losses resulting from the remeasurement of the bolivar denominated monetary assets and liabilities were recorded in earnings.

Deconsolidation
Effective as of December 31, 2016, the Company concluded that it no longer met the accounting criteria for consolidation of its Venezuela subsidiary due to a loss of control over the Venezuelan operations. Historically, the Company took steps to reduce its reliance on imports in order to run its operations in Venezuela without the need of foreign currency, including the substitution, where possible, of imported ingredients, materials and parts with locally produced inputs. However, the availability of certain key raw materials, even if locally sourced, was largely controlled by the local government and the Company experienced an increase in government intervention and restrictions on the local supply of these key raw materials. During the fourth quarter of 2016, the Company 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, impaired the Company's ability to effectively operate and fully control its Venezuelan subsidiary.

As of December 31, 2016, the Company deconsolidated and changed to the cost method of accounting for its Venezuelan subsidiary. During the fourth quarter of 2016, the Company recorded a $72 million pre- tax charge in Other income (expense), net as it fully impaired the value of its cost method investment in Venezuela. The deconsolidation charge included the historical cumulative translation losses of approximately $63 million related to the Company's Venezuelan operations that had previously been recorded in accumulated other comprehensive losses within equity.
Beginning in fiscal year 2017, the Company no longer included the financial statements of its Venezuelan subsidiary within its consolidated financial statements. Under the cost method of accounting, the Company will recognize earnings only to the extent cash is received from its Venezuelan subsidiary. The Company will continually monitor its ability to control its Venezuelan subsidiary as the facts and circumstances surrounding Venezuela may change over time and lead to consolidation at a future date. In the meantime, the Company will continue to operate its Venezuelan subsidiary in spite of the restrictive economic and operational environment.

Activity prior to deconsolidation
From February 2013 through July 4, 2015, the Company used the CENCOEX, official rate, which was 6.3 bolivars to the U.S. dollar, to remeasure its Venezuelan subsidiary's financial statements to U.S. dollars. The CENCOEX official rate was restricted toward goods and services for industry sectors considered essential, which are primarily food, medicines and a few others. In February 2015, the Venezuelan government announced the addition of a new foreign currency exchange system referred to as the Marginal Currency System, or SIMADI.

During 2015, the Company experienced an increase in the amount of time it took to exchange bolivars for U.S. dollars through the CENCOEX exchange. Due to this reduced availability of U.S. dollars and upon review of U.S. dollar cash needs in the Company's Venezuela operations as of the quarter ended July 4, 2015, the Company concluded that it was no longer able to obtain sufficient U.S. dollars on a timely basis through the CENCOEX exchange resulting in a decision to remeasure its Venezuela subsidiary's financial statements using the SIMADI rate.

In connection with the change in rates, the Company evaluated the carrying value of its 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, the Company recorded pre-tax charges totaling $152 million in the quarter ended July 4, 2015. 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).

In February 2016, the Venezuelan government announced changes to its foreign currency exchange mechanisms, including a 59% devaluation of the CENCOEX (renamed DIPRO) official rate from 6.3 bolivars to 10.0 bolivars to the U.S. dollar. Additionally the SIMADI exchange rate was replaced by the DICOM exchange rate, a floating exchange rate for non- essential imports. The DICOM exchange rate was introduced at 206 bolivars to the U.S. dollar.

For the years ended December 31, 2016 and January 2, 2016, Venezuela represented less than 1% and approximately 2% of total net sales, respectively.

NOTE 17

QUARTERLY FINANCIAL DATA (unaudited)

	Net sales		Gross profit	
(millions)	**2017**	2016	**2017**	2016
First	**$ 3,254**	$ 3,395	**$ 1,204**	$ 1,245
Second	**3,187**	3,268	**1,265**	1,270
Third	**3,273**	3,254	**1,232**	1,264
Fourth	**3,209**	3,097	**1,321**	976
	$ 12,923	$ 13,014	**$ 5,022**	$ 4,755

	Net income attributable to Kellogg Company		Per share amounts			
(millions)	**2017**	2016	**2017**		2016	
			Basic	**Diluted**	Basic	Diluted
First	**$ 262**	$ 175	**$ 0.75**	**$ 0.74**	$ 0.50	$ 0.49
Second	**282**	280	**0.81**	**0.80**	0.80	0.79
Third	**297**	292	**0.86**	**0.85**	0.83	0.82
Fourth	**428**	(53)	**1.24**	**1.23**	(0.15)	(0.15)
	$ 1,269	$ 694				

The principal market for trading Kellogg shares is the New York Stock Exchange (NYSE). At December 30, 2017, the closing price (on the NYSE) was $67.98 and there were 33,793 shareholders of record.

Dividends paid per share and the quarterly price ranges on the NYSE during the last two years were:

	Dividend	Stock price	
2017 — Quarter	per share	High	Low
First	**$ 0.52**	**$ 76.44**	**$ 71.38**
Second	**0.52**	**73.49**	**68.69**
Third	**0.54**	**70.36**	**62.37**
Fourth	**0.54**	**68.29**	**58.87**
	$ 2.12		
2016 — Quarter			
First	$ 0.50	$ 77.86	$ 69.96
Second	0.50	81.65	74.30
Third	0.52	86.98	77.13
Fourth	0.52	77.25	70.96
	$ 2.04		

During 2017, the Company recorded the following charges (gains) in operating profit:

	2017				
(millions)	First	Second	Third	Fourth	Full Year
Restructuring and cost reduction charges	**$ 142**	**$ 96**	**$ 1**	**$ 24**	**$ 263**
(Gains) / losses on mark- to- market adjustments	**21**	**(7)**	**104**	**(163)**	**(45)**
	$ 163	**$ 89**	**$ 105**	**$ (139)**	**$ 218**

During 2016, the Company recorded the following charges (gains) in operating profit:

	2016				
(millions)	First	Second	Third	Fourth	Full Year
Restructuring and cost reduction charges	$ 52	$ 72	$ 40	$ 161	$ 325
(Gains) / losses on mark- to- market adjustments	24	(20)	31	226	261
	$ 76	$ 52	$ 71	$ 387	$ 586

NOTE 18
REPORTABLE SEGMENTS

Kellogg Company is the world's leading producer of cereal, second largest producer of cookies and crackers and a leading producer of savory snacks and frozen foods. Additional product offerings include toaster pastries, cereal bars, fruit- flavored snacks and veggie foods. Kellogg products are manufactured and marketed globally. Principal markets for these products include the United States and United Kingdom.

The Company has the following reportable segments: U.S. Morning Foods; U.S. Snacks; U.S. Specialty; North America Other; Europe; Latin America; and Asia Pacific. The Company manages its operations through 10 operating segments that are based on product category or geographic location. These operating segments are evaluated for similarity with regards to economic characteristics, products, production processes, types or classes of customers, distribution methods and regulatory environments to determine if they can be aggregated into reportable segments. The reportable segments are discussed in greater detail below.

The U.S. Morning Foods reportable segment includes primarily cereal and toaster pastries.

U.S. Snacks includes cookies, crackers, cereal bars, savory snacks and fruit- flavored snacks.

U.S. Specialty primarily represents food away from home channels, including food service, convenience, vending, Girl Scouts and food manufacturing. The food service business is mostly non- commercial, serving institutions such as schools and hospitals. The convenience business includes traditional convenience stores as well as alternate retailing outlets.

North America Other includes the U.S. Frozen, Kashi, Canada, and RXBAR operating segments. As these operating segments are not considered economically similar enough to aggregate with other operating segments and are immaterial for separate disclosure, they have been grouped together as a single reportable segment.

The 3 remaining reportable segments are based on geographic location — Europe which consists principally of European countries; Latin America which consists of Central and South America and includes Mexico; and Asia Pacific which consists of Sub- Saharan Africa, Australia and other Asian and Pacific markets.

The measurement of reportable segment results is based on segment operating profit which is generally consistent with the presentation of operating profit in the Consolidated Statement of Income. Intercompany transactions between operating segments were immaterial for all periods presented.

(millions)	2017	2016	2015
Net sales			
U.S. Morning Foods	**$ 2,778**	$ 2,931	$ 2,992
U.S. Snacks	**3,067**	3,198	3,234
U.S. Specialty	**1,249**	1,214	1,181
North America Other	**1,616**	1,598	1,687
Europe	**2,291**	2,377	2,497
Latin America	**955**	780	1,015
Asia Pacific	**967**	916	919
Consolidated	**$ 12,923**	$ 13,014	$ 13,525
Operating profit			
U.S. Morning Foods	**$ 601**	$ 593	$ 474
U.S. Snacks	**115**	324	385
U.S. Specialty	**312**	279	260
North America Other	**230**	181	178
Europe	**279**	205	247
Latin America	**108**	84	9
Asia Pacific	**86**	70	54
Total Reportable Segments	**1,731**	1,736	1,607
Corporate	**215**	(341)	(516)
Consolidated	**$ 1,946**	$ 1,395	$ 1,091
Depreciation and amortization (a)			
U.S. Morning Foods	**$ 120**	$ 122	$ 123
U.S. Snacks	**146**	159	135
U.S. Specialty	**13**	11	11
North America Other	**51**	56	74
Europe	**80**	114	120
Latin America	**37**	22	28
Asia Pacific	**33**	30	29
Total Reportable Segments	**480**	514	520
Corporate	**1**	3	14
Consolidated	**$ 481**	$ 517	$ 534

(a) Includes asset impairment charges as discussed in Note 14.

Certain items such as interest expense and income taxes, while not included in the measure of reportable segment operating results, are regularly reviewed by Management for the Company's internationally- based reportable segments as shown below.

(millions)	2017	2016	2015
Interest expense			
North America	**$ 3**	$ 5	$ 5
Europe	**16**	8	5
Latin America	**2**	4	5
Asia Pacific	**2**	2	2
Corporate	**233**	387	210
Consolidated	**$ 256**	$ 406	$ 227
Income taxes			
Europe	**$ (38)**	$ (17)	$ 10
Latin America	**33**	30	34
Asia Pacific	**12**	14	—
Corporate & North America	**405**	206	115
Consolidated	**$ 412**	$ 233	$ 159

Management reviews balance sheet information, including total assets, based on geography. For all North American- based operating segments, balance sheet information is reviewed by Management in total and not on an individual operating segment basis.

(millions)	**2017**	2016	2015
Total assets			
North America	**$ 10,867**	$ 10,533	$ 10,363
Europe	**4,057**	3,824	3,742
Latin America	**1,094**	1,136	587
Asia Pacific	**1,225**	1,158	1,106
Corporate	**1,426**	1,248	1,184
Elimination entries	**(2,319)**	(2,788)	(1,731)
Consolidated	**$ 16,350**	$ 15,111	$ 15,251
Additions to long- lived assets			
North America	**$ 329**	$ 318	$ 342
Europe	**106**	125	110
Latin America	**32**	24	23
Asia Pacific	**30**	36	76
Corporate	**4**	4	2
Consolidated	**$ 501**	$ 507	$ 553

The Company's largest customer, Wal- Mart Stores, Inc. and its affiliates, accounted for approximately 20% of consolidated net sales during 2017, 20% in 2016, and 21% in 2015, comprised principally of sales within the United States.

Supplemental geographic information is provided below for net sales to external customers and long- lived assets:

(millions)	**2017**	2016	2015
Net sales			
United States	**$ 8,196**	$ 8,438	$ 8,560
All other countries	**4,727**	4,576	4,965
Consolidated	**$ 12,923**	$ 13,014	$ 13,525
Long- lived assets			
United States	**$ 2,195**	$ 2,208	$ 2,220
All other countries	**1,521**	1,361	1,401
Consolidated	**$ 3,716**	$ 3,569	$ 3,621

Supplemental product information is provided below for net sales to external customers:

(millions)	**2017**	2016	2015
Snacks	**$ 6,700**	$ 6,660	$ 6,698
Cereal	**5,270**	5,440	5,871
Frozen	**953**	914	956
Consolidated	**$ 12,923**	$ 13,014	$ 13,525

NOTE 19

SUPPLEMENTAL FINANCIAL STATEMENT DATA

Consolidated Statement of Income

(millions)	**2017**	2016	2015
Research and development expense	**$ 148**	$ 182	$ 193
Advertising expense	**$ 731**	$ 735	$ 898

Consolidated Balance Sheet

(millions)	2017	2016
Trade receivables	**$ 1,250**	$ 1,106
Allowance for doubtful accounts	**(10)**	(8)
Refundable income taxes	**23**	24
Other receivables	**126**	109
Accounts receivable, net	**$ 1,389**	$ 1,231
Raw materials and supplies	**$ 333**	$ 315
Finished goods and materials in process	**884**	923
Inventories	**$ 1,217**	$ 1,238
Land	**$ 111**	$ 131
Buildings	**2,200**	2,020
Machinery and equipment	**6,018**	5,646
Capitalized software	**403**	366
Construction in progress	**634**	686
Accumulated depreciation	**(5,650)**	(5,280)
Property, net	**$ 3,716**	$ 3,569
Other intangibles	**$ 2,706**	$ 2,423
Accumulated amortization	**(67)**	(54)
Other intangibles, net	**$ 2,639**	$ 2,369
Pension	**$ 252**	$ 66
Deferred income taxes	**245**	170
Other	**529**	393
Other assets	**$ 1,026**	$ 629
Accrued income taxes	**$ 31**	$ 47
Accrued salaries and wages	**311**	318
Accrued advertising and promotion	**538**	436
Other	**551**	590
Other current liabilities	**$ 1,431**	$ 1,391
Income taxes payable	**$ 192**	$ 48
Nonpension postretirement benefits	**40**	40
Other	**373**	376
Other liabilities	**$ 605**	$ 464

Allowance for doubtful accounts

(millions)	**2017**	2016	2015
Balance at beginning of year	**$ 8**	$ 8	$ 7
Additions charged to expense	**14**	9	4
Doubtful accounts charged to reserve	**(12)**	(9)	(3)
Balance at end of year	**$ 10**	$ 8	$ 8

Management's Responsibility for Financial Statements

Management is responsible for the preparation of the Company's consolidated financial statements and related notes. We believe that the consolidated financial statements present the Company's financial position and results of operations in conformity with accounting principles that are generally accepted in the United States, using our best estimates and judgments as required.

The board of directors of the Company has an Audit Committee composed of five non- management Directors. The Committee meets regularly with management, internal auditors, and the independent registered public accounting firm to review accounting, internal control, auditing and financial reporting matters.

Formal policies and procedures, including an active Ethics and Business Conduct program, support the internal controls and are designed to ensure employees adhere to the highest standards of personal and professional integrity. We have a rigorous internal audit program that independently evaluates the adequacy and effectiveness of these internal controls.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a- 15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

SEC staff guidance discusses the exclusion of an acquired entity from management's assessment of internal control over financial reporting and disclosure controls and procedures. Management excluded from its assessment those disclosure controls and procedures of the Chicago Bar Company LLC, which was acquired in October, 2017 in a purchase business combination, that are subsumed by internal control over financial reporting. Chicago Bar Co., LLC is wholly owned and accounted for less than 0.1% of consolidated total assets and 0.2% of consolidated net sales as of and for the year ended December 30, 2017.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Based on our evaluation under the framework in Internal Control — Integrated Framework (2013), management concluded that our internal control over financial reporting was effective as of December 30, 2017. The effectiveness of our internal control over financial reporting as of December 30, 2017 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which follows.

/s/ Steven A. Cahillane
Steven A. Cahillane
Chief Executive Officer

/s/ Fareed Khan
Fareed Khan
Senior Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Kellogg Company

Opinions on the Financial Statements and Internal Control over Financial Reporting
We have audited the consolidated financial statements, including the related notes, of Kellogg Company and its subsidiaries as listed in the index appearing under Item 15(a)(1), (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 30, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 30, 2017 and December 31, 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 30, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 30, 2017 based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions
The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded the Chicago Bar Co., LLC, from its assessment of internal control over financial reporting as of December 30, 2017 because it was acquired by the Company in a purchase business combination during 2017. We have also excluded the Chicago Bar Co., LLC from our audit of internal control over financial reporting. The Chicago Bar Co., LLC is a wholly- owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent less than 0.1% and 0.2%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 30, 2017.

Definition and Limitations of Internal Control over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP

Detroit, Michigan
February 20, 2018

We have served as the Company's auditor since at least 1937. We have not determined the specific year we began serving as auditor of the Company.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, rather than absolute, assurance of achieving the desired control objectives.

As of December 30, 2017, management carried out an evaluation under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. SEC staff guidance discusses the exclusion of an acquired entity from management's assessment of internal control over financial reporting and disclosure controls and procedures. Management excluded from its assessment those disclosure controls and procedures of the Chicago Bar Company LLC, which was acquired in October, 2017 in a purchase business combination, that are subsumed by internal control over financial reporting. Chicago Bar Co., LLC is wholly owned and accounted for less than 0.1% of consolidated total assets and 0.2% of consolidated net sales as of and for the year ended December 30, 2017. Based on the foregoing evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Internal Control over Financial Reporting.

Pursuant to Section 404 of the Sarbanes- Oxley Act of 2002, we have included a report of management's assessment of the design and effectiveness of our internal control over financial reporting as part of this Annual Report on Form 10- K. The independent registered public accounting firm of PricewaterhouseCoopers LLP also audited, and reported on, the effectiveness of our internal control over financial reporting. Management's report and the independent registered public accounting firm's audit report are included in our 2017 financial statements in Item 8 of this Report under the captions entitled "Management's Report on Internal Control over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" and are incorporated herein by reference.

(c) Changes in Internal Control over Financial Reporting.

Kellogg's Project K initiative which includes the reorganization and relocation of certain financial, information technology, and logistics and distribution processes; internal to the organization was initiated in 2014. This initiative is expected to continue through 2018 and will continue to impact the design of our control framework. During efforts associated with Project K, we have implemented additional controls to monitor and maintain appropriate internal controls over financial reporting. There were no changes during the quarter ended December 30, 2017, that materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors — Refer to the information in our Proxy Statement to be filed with the Securities and Exchange Commission for the Annual Meeting of Shareowners to be held on April 27, 2018 (the "Proxy Statement"), under the caption "Proposal 1 — Election of Directors," which information is incorporated herein by reference.

Identification and Members of Audit Committee; Audit Committee Financial Expert — Refer to the information in the Proxy Statement under the caption “Board and Committee Membership,” which information is incorporated herein by reference.
Executive Officers of the Registrant — Refer to “Executive Officers” under Item 1 of this Report.
For information concerning Section 16(a) of the Securities Exchange Act of 1934 — Refer to the information under the caption “Security Ownership — Section 16(a) Beneficial Ownership Reporting Compliance” of the Proxy Statement, which information is incorporated herein by reference.
Code of Ethics for Chief Executive Officer, Chief Financial Officer and Controller —We have adopted a Global Code of Ethics which applies to our chief executive officer, chief financial officer, corporate controller and all our other employees, and which can be found at www.kelloggcompany.com. Any amendments or waivers to the Global Code of Ethics applicable to our chief executive officer, chief financial officer or corporate controller may also be found at www.kelloggcompany.com.

ITEM 11. EXECUTIVE COMPENSATION

Refer to the information under the captions “2017 Director Compensation and Benefits,” “Compensation Discussion and Analysis,” “Executive Compensation,” “Retirement and Non- Qualified Defined Contribution and Deferred Compensation Plans,” and “Potential Post- Employment Payments” of the Proxy Statement, which is incorporated herein by reference. See also the information under the caption “Compensation and Talent Management Committee Report” of the Proxy Statement, which information is incorporated herein by reference; however, such information is only “furnished” hereunder and not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Refer to the information under the captions “Security Ownership — Five Percent Holders”, “Security Ownership — Officer and Director Stock Ownership” of the Proxy Statement, which information is incorporated herein by reference.

EQUITY COMPENSATION PLAN INFORMATION

(millions, except per share data)

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights as of December 30, 2017 (a)	Weighted- Average Exercise Price of Outstanding Options, Warrants and Rights as of December 30, 2017 ($)(b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a)) as of December 30, 2017 (c)(1)
Equity compensation plans approved by security holders	16.3(2)	64	19.0(3)
Equity compensation plans not approved by security holders	—	NA	0.3
Total	16.3	64	19.3

(1) The total number of shares remaining available for issuance under the 2017 Long-Term Incentive Plan will be reduced by two shares for each share issued pursuant to an award other than a stock option or stock appreciation right, or potentially issuable pursuant to an outstanding award other than a stock option or stock appreciation right, which will in each case reduce the total number of shares remaining by one share for each share issued.

(2) Includes 14.6 million stock options and 1.7 million restricted share units.

(3) The total number of shares available remaining for issuance as of December 30, 2017 for each Equity Compensation Plan approved by shareowners are as follows:
- The 2017 Long- Term Incentive Plan - 18.6 million;
- The Non-Employee Director Stock Plan (2009 Director Plan) - 0.2 million;

- The 2002 Employee Stock Purchase Plan - 0.2 million.

Three plans are considered “Equity compensation plans not approved by security holders.” The Kellogg Share Incentive Plan, which was adopted in 2002 and is available to most U.K. employees of specified Kellogg Company subsidiaries; a similar plan, which is available to employees in the Republic of Ireland; and the Deferred Compensation Plan for Non- Employee Directors, which was adopted in 1986 and amended in 1993 and 2002.

Under the Kellogg Share Incentive Plan, eligible U.K. employees may contribute up to 1,500 Pounds Sterling annually to the plan through payroll deductions. The trustees of the plan use those contributions to buy shares of our common stock at fair market value on the open market, with Kellogg matching those contributions on a 1:1 basis. Shares must be withdrawn from the plan when employees cease employment. Under current law, eligible employees generally receive certain income and other tax benefits if those shares are held in the plan for a specified number of years. A similar plan is also available to employees in the Republic of Ireland. As these plans are open market plans with no set overall maximum, no amounts for these plans are included in the above table. However, approximately 60,000 shares were purchased by eligible employees under the Kellogg Share Incentive Plan, the plan for the Republic of Ireland and other similar predecessor plans during 2017, with approximately an additional 60,000 shares being provided as matched shares.

The Deferred Compensation Plan for Non- Employee Directors was amended and restated during 2013. Under the Deferred Compensation Plan for Non- Employee Directors, non- employee Directors may elect to defer all or part of their compensation (other than expense reimbursement) into units which are credited to their accounts. The units have a value equal to the fair market value of a share of our common stock on the appropriate date, with dividend equivalents being earned on the whole units in non- employee Directors’ accounts. Units must be paid in shares of our common stock, either in a lump sum or in up to ten annual installments, with the installments to begin as soon as practicable after the non- employee Director’s service as a Director terminates. No more than 300,000 shares are authorized for use under this plan, of which approximately 22,000 had been issued as of December 30, 2017.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Refer to the information under the captions “Corporate Governance — Director Independence” and “Related Person Transactions” of the Proxy Statement, which information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Refer to the information under the captions “Proposal 3 — Ratification of PricewaterhouseCoopers LLP — Fees Paid to Independent Registered Public Accounting Firm” and “Proposal 3 — Ratification of PricewaterhouseCoopers LLP — Preapproval Policies and Procedures” of the Proxy Statement, which information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The Consolidated Financial Statements and related Notes, together with Management’s Report on Internal Control over Financial Reporting, and the Report thereon of PricewaterhouseCoopers LLP dated February 20, 2018, are included herein in Part II, Item 8.

(a) 1. Consolidated Financial Statements

Consolidated Statement of Income for the years ended December 30, 2017, December 31, 2016 and January 2, 2016.
Consolidated Statement of Comprehensive Income for the years ended December 30, 2017, December 31, 2016 and January 2, 2016.
Consolidated Balance Sheet at December 30, 2017 and December 31, 2016.
Consolidated Statement of Equity for the years ended December 30, 2017, December 31, 2016 and January 2, 2016.
Consolidated Statement of Cash Flows for the years ended December 30, 2017, December 31, 2016 and January 2, 2016.
Notes to Consolidated Financial Statements.
Management's Report on Internal Control over Financial Reporting.
Report of Independent Registered Public Accounting Firm.
(a) 2. Consolidated Financial Statement Schedule
All financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.
(a) 3. Exhibits required to be filed by Item 601 of Regulation S- K
The information called for by this Item is incorporated herein by reference from the Exhibit Index included in this Report.

ITEM 16. FORM 10- K SUMMARY

Not applicable.

EXHIBIT INDEX

Exhibit No.	Description	Electronic(E), Paper(P) or Incorp. By Ref.(IBRF)
2.01	Amended and Restated Transaction Agreement between us and The Procter & Gamble Company, incorporated by reference to Exhibit 1.1 of our Current Report on Form 8- K dated May 31, 2012, Commission file number 1- 4171.	IBRF
3.01	Amended Restated Certificate of Incorporation of Kellogg Company, incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S- 8, file number 333- 56536.	IBRF
3.02	Bylaws of Kellogg Company, as amended, incorporated by reference to Exhibit 3.1 to our Current Report on Form 8- K dated December 15, 2017, Commission file number 1- 4171.	IBRF
4.01	Indenture, dated March 15, 2001, between Kellogg Company and BNY Midwest Trust Company, including the form of 7.45% Debentures due 2031, incorporated by reference to Exhibit 4.01 to our Quarterly Report on Form 10- Q for the quarter ending March 31, 2001, Commission file number 1- 4171.	IBRF
4.02	Supplemental Indenture, dated March 29, 2001, between Kellogg Company and BNY Midwest Trust Company, including the form of 7.45% Debentures due 2031, incorporated by reference to Exhibit 4.02 to our Quarterly Report on Form 10- Q for the quarter ending March 31, 2001, Commission file number 1- 4171.	IBRF
4.03	Indenture, dated as of May 21, 2009, between Kellogg Company and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S- 3, Commission file number 333- 209699.	IBRF
4.04	Officers' Certificate of Kellogg Company (with form of Kellogg Company 4.150% Senior Note Due 2019), incorporated by reference to Exhibit 4.2 to our Current Report on Form 8- K dated November 16, 2009, Commission file number 1- 4171.	IBRF
4.05	Officers' Certificate of Kellogg Company (with form of Kellogg Company 4.000% Senior Note Due 2020), incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated December 8, 2010, Commission file number 1- 4171.	IBRF
4.06	Officers' Certificate of Kellogg Company (with form of Kellogg Company 3.25% Senior Note Due 2018), incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated May 15, 2011, Commission file number 1- 4171.	IBRF
4.07	Officers' Certificate of Kellogg Company (with form of 1.125% Senior Note due 2015, 1.750% Senior Note due 2017 and 3.125% Senior Note due 2022),	IBRF

incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated May 17, 2012, Commission file number 1-4171.

Exhibit No.	Description	Electronic(E), Paper(P) or Incorp. By Ref.(IBRF)
4.08	Officer's Certificate of Kellogg Company (with form of Floating Rate Senior Notes due 2015 and 2.750% Senior Notes due 2023), incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated February 14, 2013, Commission file number 1- 4171.	IBRF
4.09	Officer's Certificate of Kellogg Company (with form of 1.250% Senior Notes due 2025), incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated March 9, 2015, Commission file number 1- 4171.	IBRF
4.10	Officers' Certificate of Kellogg Company (with form of 3.250% Senior Notes due 2026 and 4.500% Senior Debentures due 2046), incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated March 7, 2016, Commission file number 1- 4171.	IBRF
4.11	Officers' Certificate of Kellogg Company (with form of 1.000% Senior Notes due 2024), incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated May 19, 2016, Commission file number 1- 4171.	IBRF
4.12	Officers' Certificate of Kellogg Company (with form of 2.650% Senior Notes due 2023), incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated November 15, 2016, Commission file number 1- 4171.	IBRF
4.13	Officers' Certificate of Kellogg Company (with form of 0.800% Senior Notes due 2022), incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated May 17, 2017, Commission file number 1- 4171.	IBRF
4.14	Officers' Certificate of Kellogg Company (with form of 3.400% Senior Notes due 2027), incorporated by reference to Exhibit 4.1 to our Current Report on Form 8- K dated November 13, 2017, Commission file number 1- 4171.	IBRF
10.01	Kellogg Company Supplemental Savings and Investment Plan, as amended and restated as of January 1, 2003, incorporated by reference to Exhibit 10.03 to our Annual Report on Form 10- K for the fiscal year ended December 28, 2002, Commission file number 1- 4171.*	IBRF
10.02	Kellogg Company Key Employee Long Term Incentive Plan, incorporated by reference to Exhibit 10.07 to our Annual Report on Form 10- K for the fiscal year ended December 29, 2007, Commission file number 1- 4171.*	IBRF
10.03	Kellogg Company 2000 Non- Employee Director Stock Plan, incorporated by reference to Exhibit 10.10 to our Annual Report on Form 10- K for the fiscal year ended December 29, 2007, Commission file number 1- 4171.*	IBRF

Exhibit No.	Description	Electronic(E), Paper(P) or Incorp. By Ref.(IBRF)
10.04	Employment Letter between us and James M. Jenness, incorporated by reference to Exhibit 10.18 to our Annual Report in Form 10- K for the fiscal year ended January 1, 2005, Commission file number 1- 4171.*	IBRF
10.05	Agreement between us and other executives, incorporated by reference to Exhibit 10.05 of our Quarterly Report on Form 10- Q for the quarter ended June 30, 2000, Commission file number 1- 4171.*	IBRF
10.06	Stock Option Agreement between us and James Jenness, incorporated by reference to Exhibit 4.4 to our Registration Statement on Form S- 8, file number 333- 56536.*	IBRF
10.07	Kellogg Company 2002 Employee Stock Purchase Plan, as amended and restated as of January 1, 2008, incorporated by reference to Exhibit 10.22 to our Annual Report on Form 10- K for the fiscal year ended December 29, 2007, Commission file number 1- 4171.*	IBRF
10.08	Kellogg Company 1993 Employee Stock Ownership Plan, incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10- K for the fiscal year ended December 29, 2007, Commission file number 1- 4171.*	IBRF
10.09	Kellogg Company 2003 Long- Term Incentive Plan, as amended and restated as of December 8, 2006, incorporated by reference to Exhibit 10. to our Annual Report on Form 10- K for the fiscal year ended December 30, 2006, Commission file number 1- 4171.*	IBRF
10.10	Kellogg Company Severance Plan, incorporated by reference to Exhibit 10.25 of our	IBRF

	Annual Report on Form 10- K for the fiscal year ended December 28, 2002, Commission file number 1- 4171.*	
10.11	Form of Non- Qualified Option Agreement for Senior Executives under 2003 Long- Term Incentive Plan, incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10- Q for the fiscal period ended September 25, 2004, Commission file number 1- 4171.*	IBRF
10.12	Form of Restricted Stock Grant Award under 2003 Long- Term Incentive Plan, incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10- Q for the fiscal period ended September 25, 2004, Commission file number 1- 4171.*	IBRF
10.13	Form of Non- Qualified Option Agreement for Non- Employee Director under 2000 Non- Employee Director Stock Plan, incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10- Q for the fiscal period ended September 25, 2004, Commission file number 1- 4171.*	IBRF
10.14	First Amendment to the Key Executive Benefits Plan, incorporated by reference to Exhibit 10.39 of our Annual Report in Form 10- K for our fiscal year ended January 1, 2005, Commission file number 1- 4171.*	IBRF

Exhibit No.	Description	Electronic(E), Paper(P) or Incorp. By Ref.(IBRF)
10.15	Restricted Stock Grant/Non- Compete Agreement between us and John Bryant, incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10- Q for the period ended April 2, 2005, Commission file number 1- 4171 (the "2005 Q1 Form 10- Q").*	IBRF
10.16	Executive Survivor Income Plan, incorporated by reference to Exhibit 10.42 of our Annual Report in Form 10- K for our fiscal year ended December 31, 2005, Commission file number 1- 4171.*	IBRF
10.17	Agreement between us and James M. Jenness, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8- K dated October 20, 2006, Commission file number 1- 4171.*	IBRF
10.18	Letter Agreement between us and John A. Bryant, dated July 23, 2007, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8- K dated July 23, 2007, Commission file number 1- 4171.*	IBRF
10.19	Agreement between us and James M. Jenness, dated February 22, 2008, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8- K dated February 22, 2008, Commission file number 1- 4171.*	IBRF
10.20	Form of Amendment to Form of Agreement between us and certain executives, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8- K dated December 18, 2008, Commission file number 1- 4171.*	IBRF
10.21	Amendment to Letter Agreement between us and John A. Bryant, dated December 18, 2008, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8- K dated December 18, 2008, Commission file number 1- 4171.*	IBRF
10.22	Form of Restricted Stock Grant Award under 2003 Long- Term Incentive Plan, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8- K dated December 18, 2008, Commission file number 1- 4171.*	IBRF
10.23	Form of Option Terms and Conditions for SVP Executive Officers under 2003 Long- Term Incentive Plan, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8- K dated February 20, 2009, Commission file number 1- 4171.*	IBRF
10.24	Kellogg Company 2009 Long- Term Incentive Plan, incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S- 8 dated April 27, 2009, Commission file number 333- 158824.*	IBRF
10.25	Kellogg Company 2009 Non- Employee Director Stock Plan, incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S- 8 dated April 27, 2009, Commission file	IBRF

	number 333- 158826.*	
10.26	Form of Option Terms and Conditions under 2009 Long- Term Incentive Plan, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8- K dated February 25, 2011, Commission file number 1- 4171.	IBRF

Exhibit No.	Description	Electronic(E), Paper(P) or Incorp. By Ref.(IBRF)
10.27	Letter Agreement between us and Gary Pilnick, dated May 20, 2008, incorporated by reference to Exhibit 10.54 to our Annual Report on Form 10- K for the fiscal year ended January 1, 2011, commission file number 1- 4171.*	IBRF
10.28	Kellogg Company Senior Executive Annual Incentive Plan, incorporated by reference to Appendix A of our Board of Directors' proxy statement for the annual meeting of shareholders held on April 29, 2011.*	IBRF
10.29	Form of Option Terms and Conditions, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8- K dated February 23, 2012, Commission file number 1- 4171.*	IBRF
10.30	Form of Restricted Stock Terms and Conditions, incorporated by reference to Exhibit 10.45 to our Annual Report on Form 10- K for the fiscal year ended December 31, 2011, Commission file number 1- 4171.*	IBRF
10.31	Form of Restricted Stock Unit Terms and Conditions, incorporated by reference to Exhibit 10.45 to our Annual Report on Form 10- K for the fiscal year ended December 29, 2012, Commission file number 1- 4171.*	IBRF
10.32	Kellogg Company 2013 Long- Term Incentive Plan, incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S- 8, file number 333- 188222.*	IBRF
10.33	Kellogg Company Pringles Savings and Investment Plan, incorporated by reference to Exhibit 4.3 to our Registration Statement on Form S- 8, file number 333- 189638.*	IBRF
10.34	Amendment Number 1. to the Kellogg Company Pringles Savings and Investment Plan, incorporated by reference to Exhibit 4.4 to our Registration Statement on Form S- 8, file number 333- 189638.*	IBRF
10.35	Kellogg Company Deferred Compensation Plan for Non- Employee Directors, incorporated by reference to Exhibit 10.49 to our Annual Report on Form 10- K dated February 24, 2014, Commission file number 1- 4171.*	IBRF
10.36	Kellogg Company Executive Compensation Deferral Plan, incorporated by reference to Exhibit 10.50 to our Annual Report on Form 10- K dated February 24, 2014, Commission file number 1- 4171.*	IBRF
10.37	Kellogg Company Change of Control Severance Policy for Key Executives, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8- K dated December 11, 2014.*	IBRF
10.38	Amendment to Change of Control between the Company and John Bryant, dated December 5, 2014, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8- K dated December 11, 2014.*	IBRF
10.39	2015- 2017 Executive Performance Plan, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8- K dated	IBRF

February 24, 2015, Commission file number 1- 4171.*

Exhibit No.	Description	Electronic(E), Paper(P) or Incorp. By Ref.(IBRF)
10.40	Kellogg Company Change of Control Severance Policy for Key Executives, incorporated by reference to Exhibit 10.1 to our Current Report on Form 8- K dated December 11, 2014.*	IBRF
10.41	Amendment to Change of Control between the Company and John Bryant, dated December 5, 2014, incorporated by reference to Exhibit 10.2 to our Current Report on Form 8- K dated December 11, 2014.*	IBRF
10.42	2015- 2017 Executive Performance Plan, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8- K dated February 24, 2015, Commission file number 1- 4171.*	IBRF
10.43	Form of Option Terms and Conditions, incorporated by reference to Exhibit 10.2 of our Current Report on Form 8- K dated February 24, 2015, Commission file number 1- 4171.*	IBRF
10.44	2016- 2018 Executive Performance Plan, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8- K dated February 23, 2016, Commission file number 1- 4171.*	IBRF
10.45	Form of Option Terms and Conditions, incorporated by reference to Exhibit 10.2 of our Current Report on Form 8- K dated February 23, 2016, Commission file number 1- 4171.*	IBRF
10.46	Receivables Sale Agreement, dated as of July 13, 2016, among Kellogg Sales Company and Kellogg Funding Company, LLC, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8- K dated July 13, 2016, Commission file number 1- 4171.	IBRF

10.47	Receivables Purchase Agreement, dated as of July 13, 2016, among Kellogg Funding Company, LLC, Kellogg Business Services Company and Coöperatieve Rabobank U.A., New York Branch, incorporated by reference to Exhibit 10.2 of our Current Report on Form 8- K dated July 13, 2016, Commission file number 1- 4171.	IBRF
10.48	Performance Undertaking Agreement, dated as of July 13, 2016, made by Kellogg Company in favor of Coöperatieve Rabobank U.A, New York Branch, incorporated by reference to Exhibit 10.3 of our Current Report on Form 8- K dated July 13, 2016, Commission file number 1- 4171.	IBRF
10.49	First Amendment to Receivables Purchase Agreement, dated as of September 29, 2016, among Kellogg Funding Company, LLC, Kellogg Business Services Company and Coöperatieve Rabobank U.A., New York Branch, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8- K dated September 29, 2016, Commission file number 1- 4171.	IBRF
10.50	Joinder Agreement, dated as of September 30, 2016, among Kellogg Business Services Company, The Bank Of Tokyo- Mitsubishi UFJ, Ltd., New York Branch and Coöperatieve Rabobank U.A., New York Branch, incorporated by reference to Exhibit 10.2 of our Current Report on Form 8- K dated September 29, 2016, Commission file number 1- 4171.	IBRF

Exhibit No.	Description	Electronic(E), Paper(P) or Incorp. By Ref.(IBRF)
10.51	Second Amendment to Receivables Purchase Agreement, dated as of November 25, 2016, among Kellogg Funding Company, LLC, Kellogg Business Services Company, Coöperatieve Rabobank U.A., New York Branch, and the other Purchasers party thereto, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8- K dated November 25, 2016, Commission file number 1- 4171.	IBRF
10.52	Joinder Agreement, dated as of November 25, 2016, among Kellogg Business Services Company, ING Luxembourg S.A., and Coöperatieve Rabobank U.A., New York Branch, incorporated by reference to Exhibit 10.2 of our Current Report on Form 8- K dated November 25, 2016, Commission file number 1- 4171.	IBRF
10.53	2017- 2019 Executive Performance Plan, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8- K dated February 24, 2017, Commission file number 1- 4171.*	IBRF
10.54	Form of Restricted Stock Unit Terms and Conditions, incorporated by reference to Exhibit 10.2 of our Current Report on Form 8- K dated February 24, 2017, Commission file number 1- 4171.*	IBRF
10.55	Kellogg Company 2017 Long- Term Incentive Plan, incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S- 8, file number 333- 217769.*	IBRF
10.56	Third Amendment to Receivables Purchase Agreement, dated as of July 10, 2017, among Kellogg Funding Company, LLC, Kellogg Business Services Company, Coöperatieve Rabobank U.A., New York Branch, and the other Purchasers party thereto, incorporated by reference to	IBRF

	Exhibit 10.1 of our Current Report on Form 8- K dated July 12, 2017, Commission file number 1- 4171.	
10.57	Letter agreement with Steve Cahillane, dated September 22, 2017, incorporated by reference to Exhibit 10.1 of our Current Report on Form 8- K dated September 28, 2017, Commission file number 1- 4171.*	IBRF
10.58	Letter agreement with John Bryant, dated September 22, 2017, incorporated by reference to Exhibit 10.2 of our Current Report on Form 8- K dated September 28, 2017, Commission file number 1- 4171.*	IBRF

Exhibit No.	Description	Electronic(E), Paper(P) or Incorp. By Ref.(IBRF)
10.59	Five- Year Credit Agreement dated as of January 30, 2018 with JPMorgan Chase Bank, N.A., as Administrative Agent, Barclays Bank PLC, as Syndication Agent, Bank of America, N.A., Citibank, N.A., Cooperatieve Rabobank U.A., New York Branch, Morgan Stanley MUFG Loan Partners, LLC and Wells Fargo Bank, National Association, as Documentation Agents, JPMorgan Chase Bank, N.A., Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Cooperatieve Rabobank U.A., New York Branch, Morgan Stanley MUFG Loan Partners, LLC and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners and the lenders named therein, incorporated by reference to Exhibit 4.1 of our Current Report on Form 8- K dated February 1, 2018, Commission file number 1-4171.	IBRF
10.60	364- Day Credit Agreement dated as of January 30, 2018 with JPMorgan Chase Bank, N.A., as Administrative Agent, Barclays Bank PLC, as Syndication Agent, JPMorgan Chase Bank, N.A. Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Coöperatieve Rabobank U.A., New York Branch, Morgan Stanley MUFG Loan Partners, LLC and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners and the lenders named therein, incorporated by reference to Exhibit 4.2 of our Current Report on Form 8- K dated February 1, 2018, Commission file number 1-4171.	IBRF
21.01	Domestic and Foreign Subsidiaries of Kellogg.	E
23.01	Consent of Independent Registered Public Accounting Firm.	E
24.01	Powers of Attorney authorizing Gary H. Pilnick to execute our Annual Report on Form 10- K for the fiscal year ended December 30, 2017, on behalf of the Board of Directors, and each of them.	E
31.1	Rule 13a- 14(a)/15d- 14(a) Certification by Steven A. Cahillane.	E
31.2	Rule 13a- 14(a)/15d- 14(a) Certification by Fareed Khan.	E
32.1	Section 1350 Certification by Steven A. Cahillane.	E
32.2	Section 1350 Certification by Fareed Khan.	E
101.INS	XBRL Instance Document	E
101.SCH	XBRL Taxonomy Extension Schema Document	E
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	E
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	E
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	E

101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	E

* A management contract or compensatory plan required to be filed with this Report.

We agree to furnish to the Securities and Exchange Commission, upon its request, a copy of any instrument defining the rights of holders of long- term debt of Kellogg and our subsidiaries and any of our unconsolidated subsidiaries for which Financial Statements are required to be filed.
We will furnish any of our shareowners a copy of any of the above Exhibits not included herein upon the written request of such shareowner and the payment to Kellogg of the reasonable expenses incurred in furnishing such copy or copies.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, this 20th day of February, 2018.

KELLOGG COMPANY

By: /s/ Steven A. Cahillane
Steven A. Cahillane
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Capacity	Date
/s/ Steven A. Cahillane Steven A. Cahillane	Chief Executive Officer (Principal Executive Officer)	February 20, 2018
/s/ Fareed A. Khan Fareed A. Khan	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 20, 2018
/s/ Donald O. Mondano Donald O. Mondano	Vice President and Corporate Controller (Principal Accounting Officer)	February 20, 2018
* John A. Bryant	Chairman and Director	February 20, 2018
* Stephanie A. Burns	Director	February 20, 2018
* Carter A. Cast	Director	February 20, 2018
* John T. Dillon	Director	February 20, 2018
* Richard W. Dreiling	Director	February 20, 2018
* Zachary Gund	Director	February 20, 2018
* James M. Jenness	Director	February 20, 2018
* Donald R. Knauss	Director	February 20, 2018
* Mary Laschinger	Director	February 20, 2018
* Cynthia H. Milligan	Director	February 20, 2018
* La June Montgomery Tabron	Director	February 20, 2018
* Carolyn M. Tastad	Director	February 20, 2018
* Noel R. Wallace	Director	February 20, 2018

* By:	/s/ Gary H. Pilnick Gary H. Pilnick	Attorney- in- fact	February 20, 2018

Exhibit 21.01

KELLOGG COMPANY SUBSIDIARIES
(COMMON STOCK OWNERSHIP)

North America

Kellogg Company Subsidiaries
- Argkel, Inc. - Delaware
- CC Real Estate Holdings, LLC - Michigan
- Eighteen94 Capital, LLC - Delaware
- Kashi Company - California
- Keebler USA, Inc. - Delaware
- Kellogg Asia Inc. - Delaware
- Kellogg Chile Inc. - Delaware
- Kellogg Fearn, Inc. - Michigan
- Kellogg Holding, LLC - Delaware
- Kellogg International Holding Company - Delaware
- Kellogg Italia S.p.A. - Delaware
- Kellogg (Thailand) Limited - Delaware
- Kellogg Transition MA&P L.L.C. - Delaware
- Kellogg Treasury Services Company - Delaware
- Kellogg USA Inc. - Michigan
- K- One Inc. - Delaware
- K- Two Inc. - Delaware
- McCamly Plaza Hotel Inc. - Delaware
- The Eggo Company - Delaware
- Trafford Park Insurance Limited - Bermuda
- Worthington Foods, Inc. - Ohio

Kashi Company Subsidiaries
- Bear Naked, Inc. - Delaware

Kellogg USA Inc. Subsidiaries
- Chicago Bar Company LLC - Illinois (d/b/a RXBAR)
- Keebler Holding Corp - Georgia

Keebler Holding Corp Subsidiaries
- Keebler Foods Company - Delaware

Keebler Foods Company Subsidiaries
- Austin Quality Foods, Inc. - Delaware
- BDH, Inc.- Delaware
- Keebler Company - Delaware
- Shaffer, Clarke & Co., Inc. - Delaware

Austin Quality Foods, Inc. Subsidiaries
- AQFTM, Inc. - Delaware
- Cary Land Corporation - North Carolina

Keebler Company Subsidiaries
- Godfrey Transport, Inc.- Delaware
- Illinois Baking Corporation - Delaware
- Kellogg Business Services Company - Delaware
- Kellogg North America Company - Delaware
- Kellogg Sales Company - Delaware

Kellogg Sales Company Subsidiaries
(d/b/a Kellogg's Snacks d/b/a Kellogg's Food Away From Home d/b/a Austin Quality Sales Company d/b/a Pure Organic d/b/a Carr's USA, Inc.)
- 545 LLC - Delaware
- Barbara Dee Cookie Company, L.L.C. - Delaware
- Famous Amos Chocolate Chip Cookie Company, L.L.C. - Delaware
- Gardenburger, LLC - Delaware
- Kashi Sales, L.L.C. - Delaware
- Kellogg Funding Company, LLC - Delaware
- Little Brownie Bakers, L.L.C. - Delaware
- Mother's Cookie Company, L.L.C.- Delaware
- Murray Biscuit Company, L.L.C. - Delaware
- President Baking Company, L.L.C.- Delaware
- Specialty Foods, L.L.C. - Delaware
- Stretch Island Fruit Sales L.L.C. - Delaware
- Sunshine Biscuits, L.L.C.- Delaware

K- One Inc. Subsidiaries
- SIA Kellogg Latvija - Latvia
- Kellogg Latvia, Inc. - Delaware

Kellogg North America Company Subsidiaries
- Pringles LLC - Delaware

Asia Pacific/Sub- Saharan

Kellogg Company Subsidiaries
- K (China) Limited - Delaware
- K India Private Limited - Delaware
- Kellogg (Thailand) Limited - Thailand
- Kellogg Asia Marketing Inc. - Delaware
- Kellogg Asia Sdn. Bhd. - Malaysia
- Kellogg India Private Limited - India
- Kellogg Asia Pacific Pte. Ltd - Singapore
- Kellogg Tolaram Pte. Ltd. - Singapore (JV)

Kellogg Latin America Holding Company (One) Limited Subsidiaries
- Kellogg Company East Africa Limited - Kenya
- Nhong Shim Kellogg Co. Ltd. - South Korea

Kellogg Asia Marketing Inc. Subsidiaries
- Shanghai Trading Co. Ltd. - China

Kellogg Tolaram Pte. Ltd. Subsidiaries (JV)
- Kellogg Tolaram Ghana Private Limited - Ghana
- Kellogg Tolaram Nigeria Limited - Nigeria

K Europe Holding Company Limited Subsidiaries
- Kellogg Tolaram Noodles Singapore Pte. Ltd. - Singapore (JV)
- Multipro Singapore Pte. Ltd. - Singapore (JV)

Kellogg Tolaram Noodles Singapore Pte. Ltd. Subsidiaries (JV)
- Kellogg Tolaram South Africa Proprietary Limited - South Africa
- Kellogg Tolaram Noodles Egypt L.L.C - Egypt

Multipro Singapore Pte. Ltd. Subsidiaries (JV)
- Multipro Private Limited - Ghana
- Multipro Consumer Products Limited - Nigeria

Kellogg Hong Kong Holding Company Subsidiaries
- Kellogg Hong Kong Private Limited - Hong Kong
- Wimble Manufacturing Belgium BVBA - Belgium
- Wimble Services Belgium BVBA - Belgium
- Pringles Hong Kong Limited - Hong Kong
- Yihai Kerry Kellogg Foods (Shanghai) Company Limited - China (JV)
- Yihai Kerry Kellogg Foods (Kushan) Company Limited - China (JV)
- Wilmar Kellogg (Singapore) Pte. Ltd. (JV)

Canada- Australia- New Zealand

Kellogg Company Subsidiaries
- Canada Holding LLC - Delaware

Kellogg Australia Holdings Pty Ltd, Subsidiaries
- Kellogg (Aust.) Pty. Ltd. - Australia

Kellogg (Aust.) Pty. Ltd. Subsidiaries
- Kashi Company Pty. Ltd. - Australia
- Kellogg Superannuation Pty. Ltd. - Australia
- Specialty Cereals Pty Limited - Australia
- The Healthy Snack People Pty Limited - Australia
- Pringles Australia Pty Ltd - Australia

Canada Holding LLC Subsidiaries
- Kellogg Kayco - Cayman Islands
- Kellogg Group Limited - England and Wales

Kellogg Kayco Subsidiaries
- KBAR SRL - Barbados

Kellogg Group Limited Subsidiaries
- Pringles Manufacturing Company - Delaware
- Gollek UK Limited - United Kingdom

Gollek UK Limited Subsidiaries
- Kellogg Asia Products Sdn. Bhd. - Malaysia
- Kellogg Latin America Holding Company (One) Limited - England and Wales
- KPAR Limited - England and Wales

KPAR Limited Subsidiaries
- Parati Indústria e Comércio De Alimentos Ltda - Brazil

Mexico- Latin America

Kellogg Company Subsidiaries
- Gollek Inc. - Delaware
- Kelarg, Inc. - Delaware
- Kellogg Argentina S.R.L. - Argentina
- Kellogg Brasil, Inc. - Delaware
- Kellogg Caribbean Inc. - Delaware
- Kellogg Caribbean Services Company, Inc. - Puerto Rico
- Kellogg Chile Limitada - Chile

- Kellogg de Centro America, S.A. - Guatemala
- Kellogg de Colombia, S.A. - Colombia

Kellogg Latin America Holding Company (One) Limited Subsidiaries
- Alimentos Kellogg de Panama SRL - Panama
- Alimentos Kellogg, S.A. - Venezuela
- Gollek Argentina S.R.L. - Argentina
- Kellogg Company Mexico, S. de R.L. de C.V. - Mexico
- Kellogg Costa Rica S. de R.L. - Costa Rica
- Kellogg de Peru, S.A.L. - Peru
- Kellogg Ecuador C. Ltda. - Ecuador

Kellogg Company Mexico, S. de R.L. de C.V. Subsidiaries
- Gollek Interamericas, S. de R.L., de C.V. - Mexico
- Gollek Services, S.A. a/k/a Gollek Servicios, S.C. - Mexico
- Kellman, S. de R.L. de C.V. - Mexico
- Kellogg de Mexico, S. de R.L. de C.V. - Mexico
- Kellogg Servicios, S.C. - Mexico
- Pronumex, S. de R.L. de C.V. - Mexico
- Instituto de Nutricion y Salud Kellogg, A.C. - Mexico

Kellogg de Mexico, S. de R.L. de C.V. Subsidiaries
- Servicios Argkel, S.C. - Mexico

Alimentos Kellogg, S.A. Subsidiaries
- Alimentos Gollek, S.A. - Venezuela

Gollek, Inc. Subsidiaires
- Kellogg Brasil Ltda. - Brasil
- Kellogg El Salvador S. de R.L. de C.V. - El Salvador

Parati Indústria e Comércio De Alimentos Ltda - Brazil
- Pádua Ltda - Brazil
- Afical Ltda - Brazil
- Afical Holding LLC - Delaware

Europe

Kellogg Company Subsidiaries
- Bisco Misr - Egypt
- Gollek B.V. - Netherlands
- Kellogg UK Minor Limited - Manchester, England

Kellogg Latin America Holding Company (One) Limited Subsidiaries
- Kellogg Company of Great Britain Limited - England
- Kellogg Hong Kong Holding Company - England and Wales
- Kellogg Latin America Holding Company (Two) Limited - United Kingdom
- Kellogg Netherlands Holding B.V. - Netherlands
- Prime Bond Holdings Limited - Cyprus
- Pringles Overseas Holding S.a.r.l. - Switzerland

Kellogg International Holding Company Subsidiaries
- Kellogg Holding Company Limited - Bermuda
- Kellogg Italia S.p.A. - Italy
- K Europe Holding Company Limited - England and Wales
- Klux A S.a.r.l. - Luxembourg
- Prime Bond Cyprus Holding Company Limited - Cyprus

Kellogg Holding Company Limited Subsidiaries
- Kellogg Europe Company Limited - Bermuda
- KTRY Limited - Bermuda

Klux A S.a.r.l. Subsidiaries
- Klux B S.a.r.l. - Luxembourg

Kellogg Europe Company Limited Subsidiaries
- Kellogg Lux I S.a.r.l. - Luxembourg
- Pringles S.a.r.l. - Luxembourg
- KECL, LLC - Delaware
- KT International Finance SRL - Barbados

Kellogg Lux I S.a.r.l. Subsidiaries
- Kellogg Europe Trading Limited - Ireland
- Kellogg Europe Treasury Services Limited - Ireland
- Kellogg Irish Holding Company Limited - Ireland
- Kellogg Europe Emerging Markets Services (KEEM) - France
- UMA Investments sp. z o.o. - Poland
- Kellogg European Logistics Services Company Limited - Ireland

Kellogg Europe Treasury Services Limited Subsidiaries
- Vita+ Naturprodukte GmbH - Austria
- Vita+ Naturprodukte GmbH - Germany

Pringles S.a.r.l. Subsidiaries
- PRUX S.a.r.l. - Luxembourg
- Pringles LP - Canada

Kellogg European Logistics Services Company Limited Subsidiaries
- Kellogg Snacks Holding Company Europe Limited - Ireland

Kellogg Snacks Holding Company Europe Limited Subsidiaries
- Kellogg Lux V S.a.r.l. - Luxembourg

Kellogg Lux V S.a.r.l. Subsidiaries
- Kellogg Snacks Financing Limited - Ireland
- Pringles International Operations S.a.r.l. - Switzerland

Kellogg Company of Great Britain Limited Subsidiaries
- Kellogg Canada Inc. - Canada
- Favorite Food Products Limited - England
- Kelcone Limited - England
- Kelcorn Limited - England
- Kelmill Limited - England
- Kelpac Limited - England
- Saragusa Frozen Foods Limited - England

Kellogg Canada Inc. Subsidiaries
- Kellogg Australia Holdings Pty Ltd. - Australia
- Keeb Canada, Inc. - Canada

Kellogg Netherlands Holding B.V.
- Pringles Japan G.K. - Japan

Prime Bond Holdings Limited Subsidiaries
- Kellogg Lux VI S.a.r.l. - Luxembourg
- Kellogg Rus LLC - Russian Federation

Kellogg Lux VI S.a.r.l. Subsidiaries
- Kellogg Europe Services Limited - Ireland

Pringles Overseas Holdings S.a.r.l. Subsidiaries
- Pringles (Shanghai) Food Co. Ltd. - China
- Mass Food SAE -
  Egypt

Mass Food SAE Subsidiaries
- Mass Food International SAE - Egypt
- Mass Trade for Trade and Distribution SAE - Egypt

Pringles Japan G.K. - Japan
- Kellogg (Japan) G.K. - Japan

Kellogg Europe Trading Limited Subsidiaries
- Kellogg Med Gida Ticaret Limited Sirketi - Turkey (JV)

Kellogg Irish Holding Company Limited Subsidiaries
- Kellogg Lux III S.a.r.l. - Luxembourg

Kellogg Lux III S.a.r.l. Subsidiaries
- Kellogg Group S.a.r.l. - Luxembourg
- Kellogg Europe Finance Limited - Ireland

Kellogg Group S.a.r.l.
- Kellogg (Deutschland) GmbH - Germany
- Kellogg Company of South Africa (Pty) Limited - South Africa
- Kellogg Group, LLC - Delaware
- Kellogg Hellas Single Member Limited Liability Company - Greece
- Kellogg Services GmbH - Austria
- Kellogg Northern Europe GmbH - Germany
- Kellogg U.K. Holding Company Limited - England
- Kellogg's Produits Alimentaires, S.A.S. - France
- Nordisk Kellogg's ApS - Denmark
- Portable Foods Manufacturing Company Limited - England

Kellogg (Deutschland) GmbH Subsidiaries
- Kellogg (Schweiz) GmbH -
  Switzerland
- Kellogg (Osterreich) GmbH - Austria
- Kellogg Services GmbH - Germany
- Kellogg Manufacturing GmbH & Co. KG - Germany
- Gebrueder Nielsen Reismuehlen und Staerke- Fabrik mit Beschraenkter Haftung - Germany

Kellogg U.K. Holding Company Limited Subsidiaries
- Kellogg Company of Ireland, Limited - Ireland
- Kellogg Espana, S.L. - Spain
- Kellogg Management Services (Europe) Limited - England
- Kellogg Manchester Limited -
  England
- Kellogg Marketing and Sales Company (UK) Limited -
  England
- Kellogg Supply Services (Europe) Limited - England

Kellogg's Produits Alimentaires, S.A.S.
- Kellogg Belgium Services Company bvba - Belgium

Kellogg Espana, S.L. Subsidiaries
- Kellogg Manufacturing Espana, S.L. - Spain

Kellogg Management Services (Europe) Limited Subsidiaries
•Kellogg European Support Services SRL - Romania

Kellogg Manchester Limited Subsidiaries
•KELF Limited - England

KELF Limited Subsidiaries
•Kellogg Talbot LLC - Delaware

Exhibit 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S- 3 (Nos. 333- 72312, 333- 209699 and 333- 205616) and the Registration Statements on Form S- 8 (Nos. 333- 56536, 333- 88162, 333- 109234, 333- 109235, 333- 109238, 333- 158826, 333- 217769, and 333- 189638) of Kellogg Company of our report dated February 20, 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10- K.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
February 20, 2018

Exhibit 24.01

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, That I, the undersigned Director of Kellogg Company, a Delaware corporation, hereby appoint Gary H. Pilnick, Vice Chairman of Kellogg Company, as my lawful attorney- in- fact and agent, to act on my behalf, with full power of substitution, in executing and filing the Company's Annual Report on Form 10- K for fiscal year ended December 30, 2017 and any exhibits, amendments and other documents related thereto, with the Securities and Exchange Commission.

Whereupon, I grant unto said Gary H. Pilnick full power and authority to perform all necessary and appropriate acts in connection therewith, and hereby ratify and confirm all that said attorney- in- fact and agent, or his substitute, may lawfully do, or cause to be done, by virtue hereof.

/s/ John A. Bryant
John A. Bryant

Dated: February 16, 2018

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, That I, the undersigned Director of Kellogg Company, a Delaware corporation, hereby appoint Gary H. Pilnick, Vice Chairman of Kellogg Company, as my lawful attorney- in- fact and agent, to act on my behalf, with full power of substitution, in executing and filing the Company's Annual Report on Form 10- K for fiscal year ended December 30, 2017 and any exhibits, amendments and other documents related thereto, with the Securities and Exchange Commission.

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/s/ Stephanie A. Burns
Stephanie A. Burns

Dated: February 16, 2018

POWER OF ATTORNEY

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/s/ Carter A. Cast
Carter A. Cast

Dated: February 16, 2018

POWER OF ATTORNEY

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/s/ John T. Dillon
John T. Dillon

Dated: February 16, 2018

POWER OF ATTORNEY

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/s/ Richard W. Dreiling
Richard W. Dreiling

Dated: February 16, 2018

POWER OF ATTORNEY

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/s/ Zachary Gund
Zachary Gund

Dated: February 16, 2018

POWER OF ATTORNEY

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/s/ James M. Jenness
James M. Jenness

Dated: February 16, 2018

POWER OF ATTORNEY

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/s/ Donald R. Knauss
Donald R. Knauss

Dated: February 16, 2018

POWER OF ATTORNEY

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/s/ Mary A. Laschinger
Mary A. Laschinger

Dated: February 16, 2018

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, That I, the undersigned Director of Kellogg Company, a Delaware corporation, hereby appoint Gary H. Pilnick, Vice Chairman of Kellogg Company, as my lawful attorney- in- fact and agent, to act on my behalf, with full power of substitution, in executing and filing the Company's Annual Report on Form 10- K for fiscal year ended December 30, 2017 and any exhibits, amendments and other documents related thereto, with the Securities and Exchange Commission.

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/s/ Cynthia H. Milligan
Cynthia H. Milligan

Dated: February 16, 2018

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, That I, the undersigned Director of Kellogg Company, a Delaware corporation, hereby appoint Gary H. Pilnick, Vice Chairman of Kellogg Company, as my lawful attorney- in- fact and agent, to act on my behalf, with full power of substitution, in executing and filing the Company's Annual Report on Form 10- K for fiscal year ended December 30, 2017 and any exhibits, amendments and other documents related thereto, with the Securities and Exchange Commission.

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/s/ La June Montgomery Tabron
La June Montgomery Tabron

Dated: February 16, 2018

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, That I, the undersigned Director of Kellogg Company, a Delaware corporation, hereby appoint Gary H. Pilnick, Vice Chairman of Kellogg Company, as my lawful attorney- in- fact and agent, to act on my behalf, with full power of substitution, in executing and filing the Company's Annual Report on Form 10- K for fiscal year ended December 30, 2017 and any exhibits, amendments and other documents related thereto, with the Securities and Exchange Commission.

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/s/ Carolyn M. Tastad
Carolyn M. Tastad

Dated: February 16, 2018

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, That I, the undersigned Director of Kellogg Company, a Delaware corporation, hereby appoint Gary H. Pilnick, Vice Chairman of Kellogg Company, as my lawful attorney- in- fact and agent, to act on my behalf, with full power of substitution, in executing and filing the Company's Annual Report on Form 10- K for fiscal year ended December 30, 2017 and any exhibits, amendments and other documents related thereto, with the Securities and Exchange Commission.

Whereupon, I grant unto said Gary H. Pilnick full power and authority to perform all necessary and appropriate acts in connection therewith, and hereby ratify and confirm all that said attorney- in- fact and agent, or his substitute, may lawfully do, or cause to be done, by virtue hereof.

/s/ Noel R. Wallace
Noel R. Wallace

Dated: February 16, 2018

Exhibit 31.1

CERTIFICATION

I, Steven A. Cahillane, certify that:

1. I have reviewed this annual report on Form 10- K of Kellogg Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15(e) and 15d- 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a- 15(f) and 15d- 15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Steven A. Cahillane
Name: Steven A. Cahillane
Title: Chief Executive Officer

Date: February 20, 2018

Exhibit 31.2

CERTIFICATION

I, Fareed Khan, certify that:

1. I have reviewed this annual report on Form 10- K of Kellogg Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 15(e) and 15d- 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a- 15(f) and 15d- 15(f)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Fareed Khan

Name: Fareed Khan

Title: Senior Vice President and Chief Financial Officer

Date: February 20, 2018

Exhibit 32.1

SECTION 1350 CERTIFICATION

I, Steven A. Cahillane, President and Chief Executive Officer, Kellogg Company, hereby certify, on the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, that

(1) the Annual Report on Form 10- K of Kellogg Company for the period ended December 30, 2017 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Kellogg Company.

/s/ Steven A. Cahillane
Name: Steven A. Cahillane
Title: Chief Executive Officer

A signed copy of this original statement required by Section 906 has been provided to Kellogg Company and will be retained by Kellogg Company and furnished to the Securities and Exchange Commission or its staff on request.

Date: February 20, 2018

Exhibit 32.2

SECTION 1350 CERTIFICATION

I, Fareed Khan, Senior Vice President and Chief Financial Officer, Kellogg Company, hereby certify, on the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, that

(1) the Annual Report on Form 10- K of Kellogg Company for the period ended December 30, 2017 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Kellogg Company.

/s/ Fareed Khan

Name: Fareed Khan

Title: Senior Vice President and Chief Financial Officer

A signed copy of this original statement required by Section 906 has been provided to Kellogg Company and will be retained by Kellogg Company and furnished to the Securities and Exchange Commission or its staff on request.

Date: February 20, 2018

Kellogg Company
FOURTH QUARTER 2017 FINANCIAL RESULTS
February 8, 2018

Forward-Looking Statements

This presentation contains, or incorporates by reference, "forward-looking statements" with projections concerning, among other things, the Company's global growth and efficiency program (Project K), the integration of acquired businesses, the Company's strategy, zero-based budgeting, and the Company's sales, earnings, margin, operating profit, costs and expenditures, interest expense, tax rate, capital expenditure, dividends, cash flow, debt reduction, share repurchases, costs, charges, rates of return, brand building, ROIC, working capital, growth, new products, innovation, cost reduction projects, workforce reductions, savings, and competitive pressures. Forward-looking statements include predictions of future results or activities and may contain the words "expects," "believes," "should," "will," "anticipates," "projects," "estimates," "implies," "can," or words or phrases of similar meaning.

The Company's actual results or activities may differ materially from these predictions. The Company's future results could also be affected by a variety of factors, including the ability to implement Project K (including the exit from its Direct Story Delivery system) as planned, whether the expected amount of costs associated with Project K will differ from forecasts, whether the Company will be able to realize the anticipated benefits from Project K in the amounts and times expected, the ability to realize the benefits from our implementation of a more formal Revenue Growth Management discipline, the ability to realize the anticipated benefits and synergies from the acquisitions in the amounts and at the times expected, the impact of competitive conditions; the effectiveness of pricing, advertising, and promotional programs; the success of innovation, renovation and new product introductions; the recoverability of the carrying value of goodwill and other intangibles; the success of productivity improvements and business transitions; commodity and energy prices; labor costs; disruptions or inefficiencies in supply chain; the availability of and interest rates on short-term and long-term financing; actual market performance of benefit plan trust investments; the levels of spending on systems initiatives, properties, business opportunities, integration of acquired businesses, and other general and administrative costs; changes in consumer behavior and preferences; the effect of U.S. and foreign economic conditions on items such as interest rates, statutory tax rates, currency conversion and availability; legal and regulatory factors including changes in food safety, advertising and labeling laws and regulations; the ultimate impact of product recalls; business disruption or other losses from war, terrorist acts or political unrest; and other items.

Forward-looking statements speak only as of the date they were made, and the Company undertakes no obligation to update them publicly.

This presentation includes non-GAAP financial measures. Please refer to the Appendices for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures. Management believes that the use of such non-GAAP measures assists investors in understanding the underlying operating performance of the company and its segments.

Recasts & Terminology Changes

- **Revenue Recognition** – Accounting Change, Recasting 2016-2017 for Comparability
- **Pension/Post-Retirement Expense** – Accounting Change, Recasting 2016-2017 for Comparability
- **Transfer of SKUs** – Shift of certain SKUs out of U.S. Morning Foods and into U.S. Snacks, Recasting 2017 for Comparability
- **Non-GAAP Measures** – Aligning to Internal Management metrics and Industry Practices

Q4 Kellogg Company Earnings February 8, 2018 3

2017 – On Guidance, Good Progress

Delivered on Financial Outlook

- Delivered 2017 guidance for Net Sales, Operating Profit, EPS, and Cash Flow
- Project K and ZBB drove substantial margin expansion
- Improved net sales performance in 2H
- Boosted brand-building investment in Q4

Progressed on Strategic Initiatives

- DSD transition in U.S. Snacks
- Acquisition of on-trend brands/food
- Global expansion of *Pringles*
- Stabilization of core developed international cereal markets
- Expansion in emerging markets
- Expansion in eCommerce

Note: All referenced metrics are on a currency-neutral comparable basis; Cash Flow is defined as cash from operations less capital expenditure.

Q4 Kellogg Company Earnings February 8, 2018 4

2018 Plan

- **Complete Project K initiatives** – realize savings, plan next productivity projects
- **Post-DSD U.S. Snacks** – operate in new go-to-market, re-set P&L, boost reinvestment
- **Increase Brand Investment** – higher investment, behind better growth ideas
- **Integrate and growing acquired businesses** – RXBAR, Parati
- **Invest to grow in our joint ventures** – expand in Africa and China

...and still deliver mid-single-digit Operating Profit growth*
***and achieve Margin Expansion target** (excluding accounting change)*

* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure, as well as 2017 recast information for accounting-rules changes.

Financial Results – 2017 Summary

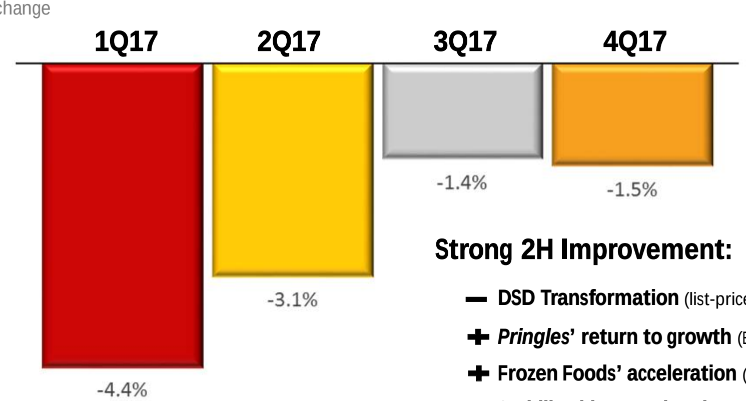
Change Versus Prior Year

		Q4	Full Year	
Net Sales	Reported	+3.6%	(0.7)%	
	Currency-Neutral Comparable*	**(1.5)%**	**(2.6)%**	*Within Guidance*
Operating Profit	Reported	+585.9%	+39.5%	
	Currency-Neutral Comparable*	**+4.1%**	**+7.6%**	*Within Guidance*
Earnings Per Share	Reported	+920.0%	+84.7%	
	Currency-Neutral Comparable*	**+3.3%**	**+9.1%**	*Within Guidance*

* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.

Net Sales – Underlying Improvement

Net Sales Growth – Currency-Neutral Comparable Basis *
Year-over-year, % change



Strong 2H Improvement:

- **DSD Transformation** (list-price adjustment, SKU rationalization)
+ ***Pringles*' return to growth** (Europe 1H disruption)
+ **Frozen Foods' acceleration** (*Eggo, Morningstar Farms*)
+ **Stabilized international cereal markets** (*U.K., Australia, Canada*)
+ **Improved *Special K* performance** *(cereal sales and consumption)*
+ **Accelerated emerging markets growth** (*Asia, Middle East*)

* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.

Margin Expansion Initiatives – On Track

Project K

- Network Restructuring
- Global Business Services
- Organizational Design
- Go-to-Market Model

Savings $600-700 million run-rate in 2019

$480 million through 2017

Zero-Based Budgeting

- Discretionary Spending
- Process and Tools
- Policies
- Budgeting from Zero

Savings $450-500 million run-rate in 2018

$400 million through 2017

Return on Investment

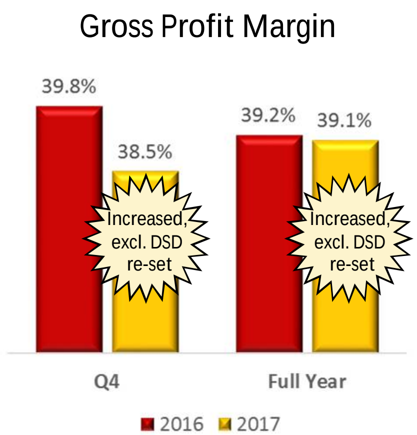
- Revenue Growth Management
- New Marketing Model

Higher ROI on commercial investment

Ongoing

Profit Margins – Continued Expansion

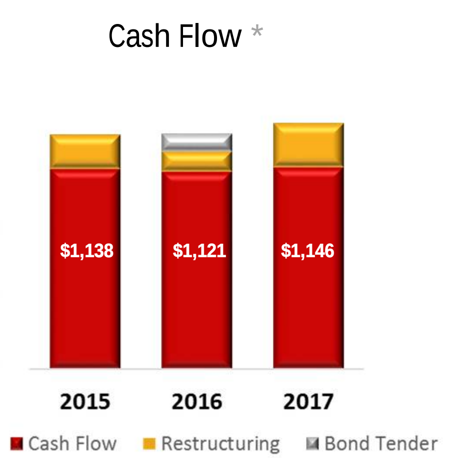
Fourth Quarter and Full Year 2017
% of Net Sales, Comparable Basis

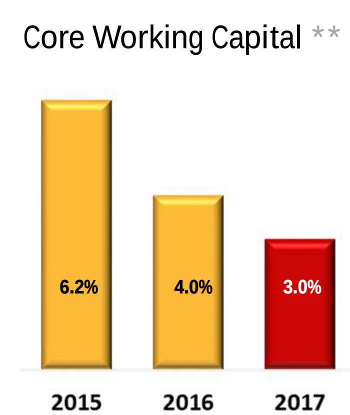


* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.

Cash Flow – Delivered On Target

$ in Millions





* Cash Flow defined as cash from operating activities, less capital expenditure. Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.
** Expressed as % of net sales, "Core Working Capital" is an internal Kellogg metric defined as last 12 months' average trade receivables and inventory, less 12 months' average trade payables, divided by last 12 months' net sales.

2018 Financial Guidance – Net Sales

Reported Net Sales Growth, Currency Neutral, Vs. Recast 2017*

~ Flat
Currency Neutral

~ (1)-0%	Underlying Business	• *Improvement from 2017's (1.6)% x-DSD growth*
~ (1)%	DSD Transition	• *1H carryover of list-price adjustment and SKU rationalization*
1-2%	Acquisition – RXBAR	• *10 months of acquired sales, plus strong double-digit organic growth*

* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure, as well as 2017 recast information for accounting-rules changes.

Q4 Kellogg Company Earnings February 8, 2018 11

2018 Financial Guidance – Operating Profit

Adjusted Operating Profit Growth, Currency-Neutral, Vs. Recast 2017 *

- **Savings** Project K and ZBB
- **Reinvestment** Brand Building, capabilities (overhead), food/packaging (COGS)
- **Acquisitions** RXBAR

Adjusted Operating Profit: +4-6%, currency neutral
Achieves 18% OP Margin excluding pending accounting changes

* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure, as well as 2017 recast information for accounting-rules changes.

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2018 Financial Guidance – Earnings Per Share

Adjusted EPS Growth, Currency-Neutral, Vs. Recast 2017 *

Net Sales ~Flat

Currency Neutral

Adjusted Operating Profit* +4-6%

Currency Neutral

U.S. Tax Reform:

- **Reduces Effective Tax Rate**
- **Pension changes**
  - **Reduces Other Income**
- **Deleverage capital structure**
  - **Moderates increase in Interest Expense**

Adjusted EPS* +9-11%

Currency Neutral

* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure, as well as 2017 recast information for accounting-rules changes.

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2018 Financial Guidance – Summary *

Growth vs. Recast 2017*

Net Sales(a) *Currency Neutral*	~ Flat	• Down (1)-(2)% on Organic basis • Organic decline comprised of DSD exit ~(1)%, with underlying business improving to (0)-(1)% • Includes roughly 1-2% of acquisition-related sales (RXBAR)
Adjusted **Operating Profit**(b) *Currency Neutral*	+4-6%	• Achieves 3-year OP margin target *(excl. pending accounting changes)* • Productivity savings, partially reinvested in Brand Building • Includes impact of acquisitions +1-2%
Adjusted **EPS**(b) *Currency Neutral*	+9-11%	• Higher interest expense due to acquisition • Tax rate 20-21%, due to Tax Reform • Modest decrease in average shares outstanding
Cash Flow	$1.2-1.3 billion	• Underlying growth plus Tax Reform benefit • Includes remaining cash outlays for Project K • Includes capital expenditure of ~0.5 billion

* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure, as well as 2017 recast information for accounting-rules changes.

(a) 2018 guidance for Currency Neutral Net Sales growth excludes the impact of foreign currency translation. Organic growth also excludes acquisitions, divestitures, and changes in shipping days.

(b) 2018 guidance for adjusted Earnings Per Share excludes the impact of mark-to-market adjustments and costs related to Project K. Currency neutral also excludes the impact of foreign currency translation.

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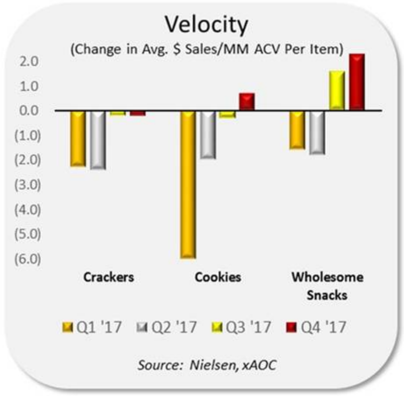
U.S. Snacks – Performance & Priorities

Currency-Neutral Comparable Basis

	Q4	2017
Net Sales *	(6)%	(4)%
Op. Profit *	+18%	+6%
OP Margin *	+360 bp	+130 bp

What to Watch For in 2018:
- Expanded brand support
- Steady consumption improvement
- Re-shaped P&L post-DSD

Q4 Highlights:
- **Resumed promo activity post-DSD**
- **Consumption growth for key supported brands**
- **Double-digit investment in Brand Building**
- **DSD overhead savings boosted OP**



* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.

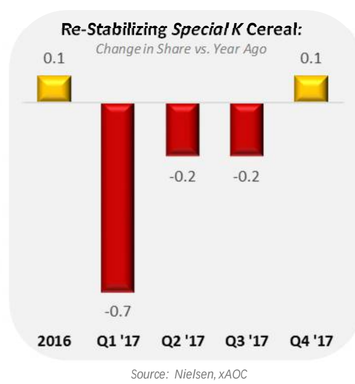
U.S. Morning Foods – Performance & Priorities

Currency-Neutral Comparable Basis

	Q4	2017
Net Sales *	(5)%	(5)%
Op. Profit *	(14)%	+1%
OP Margin *	(190) bp	+130 bp

What to Watch For in 2018:
- Stabilize RTEC share
- Invest behind adult-segment brands
- *Pop-Tarts* food news
- E-Commerce expansion

Q4 Highlights:
- ***Special K* back to share growth**
- **Improved *Pop-Tarts* performance**
- **Readied stronger 2018 commercial plan**



* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.

U.S. Specialty Channels – Performance & Priorities

Currency-Neutral Comparable Basis

	Q4	2017
Net Sales *	+2%	+3%
Op. Profit *	+3%	+9%
OP Margin *	+20 bp	+150 bp

2018 Category Captain ConvenienceStore News

What to Watch For in 2018:
- Steady sales growth
- Expand reach, improve core mix
- Share growth in key channels

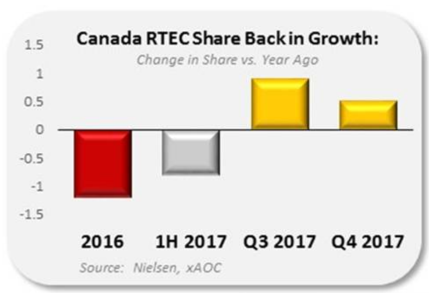
Q4 Highlights:
- **Continued top-line growth**
- **Continued expansion in emerging channels**
- **Continued operating profit margin expansion**

* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.

North America Other – Performance & Priorities

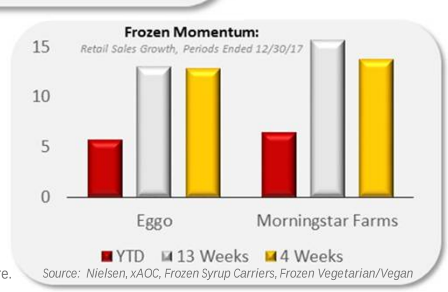
Currency-Neutral Comparable Basis

	Q4	2017
Net Sales *	+1%	(1)%
Op. Profit *	(9)%	+12%
OP Margin *	(160) bp	+190 bp



What to Watch For in 2018:
- Frozen momentum
- Canada steady improvement
- RXBAR expansion

Q4 Highlights:
- **Strong momentum for *Eggo* and *Morningstar Farms***
- **Kashi Co. share gain led by *Bear Naked***
- **Canada in growth again**
- **Substantial increase in Brand Building**

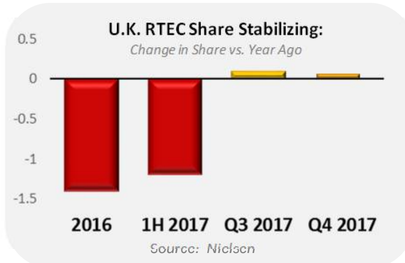


* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.

Europe – Performance & Priorities

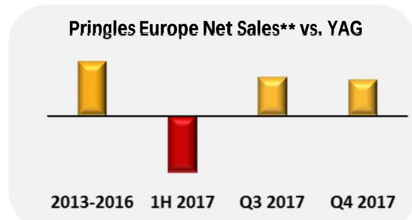
Currency-Neutral Comparable Basis

	Q4	2017
Net Sales *	+3%	(4)%
Op. Profit *	(4)%	(3)%
OP Margin *	(100) bp	Flat



What to Watch For in 2018:
- Pringles firmly in growth
- Improving sales performance in cereal
- Increase operating profit margin

Q4 Highlights:
- ***Pringles*** **growth in consumption and net sales**
- **U.K. cereal stabilized**
- **Substantial increase in Brand Building**



* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.
** Constant-currency net sales are translated using 2016 foreign exchange rates.

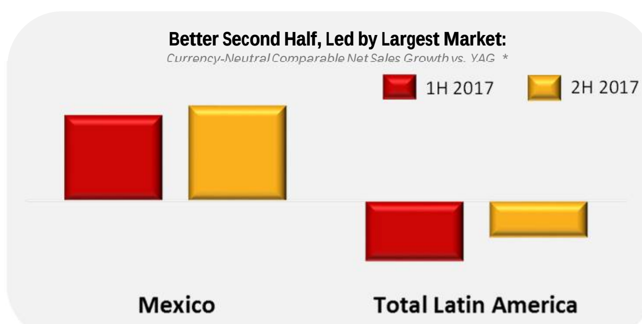
Latin America – Performance & Priorities

Currency-Neutral Comparable Basis

	Q4	2017
Net Sales *	(1)%	(2)%
Op. Profit *	(1)%	(2)%
OP Margin *	(10) bp	Flat

What to Watch For in 2018:
- Growth in *Pringles*
- Expansion of Parati
- Stabilization in Caribbean/Central America

Q4 Highlights:
- **Mexico consumption and sales growth**
- **Integration and momentum of Parati**
- **Slowing declines in Caribbean/Central America**



* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.

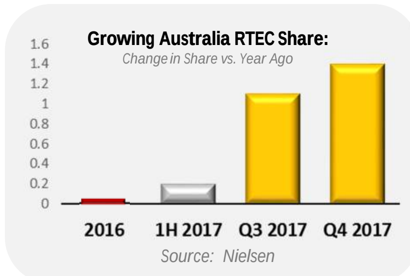
Asia Pacific – Performance & Priorities

Currency-Neutral Comparable Basis; does not include joint ventures

	Q4	2017
Net Sales *	+4%	+3%
Op. Profit *	+6%	+18%
OP Margin *	+10 bp	+130 bp

What to Watch For In 2018:
- Cereal and *Pringles* growth in Asia & Africa
- Stable Australia
- Continued growth in JVs

Q4 Highlights:
- **Australia cereal share gains continued**
- **Strong growth in Asia**
- ***Pringles* momentum and expansion**
- **Significant increase in Brand Building**
- **Joint ventures' rapid growth**



* Please refer to appendices for reconciliation of non-GAAP measures to the most directly comparable GAAP measure.

In Summary…

Strong Foundation
- **Special brands, food, and culture**
- **Sound financial footing**

Solid 2017
- **Big strategic moves**
- **Delivered on expected results**
- **Tangible signs of progress**

Confidence in 2018
- **Stronger commercial plan**
- **Balance between investment and profitability**
- **Committed to returning to growth**

final

Bloomberg Transcript

Company Name: Kellogg
Company Ticker: K US
Date: 2018-02-08
Event Description: Q4 2017 Earnings Call

Market Cap: 23,181.21
Current PX: 67.10
YTD Change($): -.88
YTD Change(%): -1.295

Bloomberg Estimates - EPS
Current Quarter: 1.103
Current Year: 4.398
Bloomberg Estimates - Sales
Current Quarter: 3266.917
Current Year: 12812.850

Q4 2017 Earnings Call

Company Participants

- John Renwick
- Steven A. Cahillane
- Fareed A. Khan

Other Participants

- Alexia Jane Howard
- Bryan Spillane
- Robert Moskow
- Kenneth B. Goldman
- Timothy S. Ramey
- David Cristopher Driscoll
- Matthew C. Grainger
- Michael S. Lavery
- Pablo Zuanic

MANAGEMENT DISCUSSION SECTION

Operator

Good morning. Welcome to the Kellogg Company Fourth Quarter 2017 Earnings Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer period. [Operator Instructions] Thank you. Please note this event is being recorded.

At this time, I will turn the call over to John Renwick, Vice President of Investor Relations and Corporate Planning for the Kellogg Company. Mr. Renwick, you may begin your conference call.

John Renwick

Thank you, Gary. Good morning and thank you for joining us today for a review of our fourth quarter 2017 results. I am joined this morning by: Steve Cahillane, our CEO, who will provide an overview of the quarter and the year in context of our strategy and then will back and review our key businesses; and Fareed Khan, Chief Financial Officer, who will walk you through our 2017 financial results and our 2018 financial outlook.

Slide number 2 shows our usual forward-looking statements disclaimer. As you are aware, certain statements made today, such as projections for Kellogg Company's future performance, including earnings per share, net sales, profit margins, operating profit, interest expense, tax rate, cash flow, brand-building, upfront costs, investments and inflation, are forward-looking statements. Actual results could be materially different from those projected. For further information concerning factors that could cause these results to differ, please refer to the second slide of this presentation as well as to our public SEC filings.

A replay of today's conference call will be available by phone through Thursday, February 15. The call will also be available via webcast, which will be archived for at least 90 days.

Briefly, I want to be sure that you are all aware of some changes to our statement of results and guidance. Specifically, there are two accounting standards changes that we have been discussing in our previous filings and that finally go into effect into Q1 2018. There's also a relatively small transfer of products between two segments within Kellogg North America. Our press release includes explanations of these changes and preliminary figures to help you recast 2017. Our 2018 guidance will be off this recast 2017 base.

Separately, we will be modifying our presentation of non-GAAP measurements to better align with how we assess our business internally. In effect, we're changing the term currency-neutral comparable to the more commonly used organic. And we will no longer strip out completed acquisitions or divestitures from our sales and profit guidance, but we will provide color on them.

Today, for consistency reasons, we'll continue to discuss results for Q4 and full-year 2017 on the previous currency-neutral comparable basis and before any of these accounting-related restatements to 2017. However, we will talk about 2018 guidance on the new basis.

And now, I'll turn it over to Steve and slide number 4.

Steven A. Cahillane

Thanks, John. Good morning, everyone. I'd like to start off by saying that after four months into the job, my confidence in this company and my excitement to be here have only increased. In fact, having been around the world discussing our strategy and plans, I'm even more convinced that we will return to solid sustainable growth. The brands are strong. The foods are unique. The culture is special. What we have to do is prioritize, invest where the growth is and improve our execution, but our Q4 performance gives a very good indication of exactly what I'm talking about.

We finished the year on sound financial footing. Not only did we deliver on our guidance for all key financial metrics, but our second half net sales performance was vastly improved from the first half. Pringles got back on track globally. Our Frozen Foods brands in the U.S. accelerated their growth. U.S. Specialty Channels sustained its growth. Our emerging markets business improved their growth, and we stabilized our core developed international cereal markets. We also delivered strong profit margin expansion, indicating a reduction of cost structure that keeps us on track for our targeted margin expansion from 2015 to 2018.

We reduced core working capital as a percent of sales, improving our cash conversion and increasing our cash flow. And we continue to return substantial cash to shareowners through a strong dividend and sustained share buybacks.

But more importantly, we made big strategic moves in 2017 that will help us in 2018 and beyond. Our transition out of DSD was well-executed and sets us up to invest more behind our brands in order to get back to growth in that business.

We continue to expand Pringles across the globe via market expansion, new flavors and new pack formats. We worked on brand positioning, media campaigns and new foods to help stabilize what has been our principal source of sales decline, Special K, as well as our overall cereal business in core developed international markets. Both showed strong signs of stabilizing in the second half.

We know emerging markets are a huge opportunity. And in 2017, we integrated and sustained growth in Parati, which tripled our scale in Brazil and provides further growth and cost synergies for us going forward. Through our joint ventures, we are rapidly expanding in West Africa and China, where we are building distribution and brand awareness in big emerging markets.

And around the world, we have reinvested resources in e-commerce. And it paid off with exceptional growth. And we acquired RXBAR, giving us a whole new growth platform. So 2017 was an important year for us, as we were able to deliver dependable results while making progress on key strategic initiatives, many of which were quite challenging.

Now, let's turn our attention to 2018 and slide number 5. We would characterize 2018 as a transition year and here's why. We are completing the actions behind our ambitious Project K restructuring program while beginning plans on our next productivity opportunities.

We strive for balance between profitability, investment and growth. And this restructuring gives us the fuel. In U.S. Snacks, we're transitioning to life after DSD. This includes a little more than two quarters worth of impact from the adjusted list price and SKU rationalization, but it also entails operating differently. And it concludes a ramp-up in investment behind our brands.

We will be increasing brand-building investment in other business units as well. This varies by brand, of course. And for some, it is the quality of ideas that we are improving rather than simply investing more dollars. But this reinvestment is important for building momentum as the year progresses.

We will be integrating and growing our latest acquisition, RXBAR. There is so much we can do with this new growth platform. Meanwhile, we will be building on our other relatively recent acquisition, Parati in Brazil, completing the integration and accelerating planned revenue and cost synergies.

And our joint ventures in West Africa and China, we'll continue to invest behind rapid expansion. Despite being a transition year, we have a plan, reflected in our guidance, that delivers continued gradual improvement in net sales performance, strong reinvestment in our brands and continued growth in operating profit.

From a margin perspective, we will achieve the equivalent of our 18% operating profit margin target, excluding the pending accounting changes. We will continue to grow our earnings per share and cash flow with an additional boost from U.S. tax reform, even after using some of this benefit to de-risk our balance sheet and pension liability. I think we have a balanced plan for 2018. And I believe our Q4 and 2017 actions and results offer confidence that we can achieve this.

So before I get into the fundamentals of each of our businesses, let me turn it over to Fareed, who will walk you through the financials in more detail.

Fareed A. Khan

Thanks, Steve, and good morning. Slide 6 shows a summary of our financial results for the quarter and the full year. Net sales in the quarter continued to improve from the first half, even with the full impact of planned DSD-related list price adjustments and SKU rationalizations in our U.S. Snacks business. We continue to make progress towards returning to growth.

Operating profit showed another quarter of solid growth, and operating profit margin continued to expand. In Q4, we achieved this, even with a double-digit year-on-year increase in brand-building investment. Earnings per share grew in Q4 as well, as the operating profit growth more than offset the impact of a higher tax rate and an increase in interest expense related to our RXBAR acquisition.

Excluded from comparable EPS, of course, are items like upfront costs, which came in inline with our guidance. You may also be wondering about U.S. tax reform. The net impact to 2017 was small, as the one-time reduction in deferred tax liabilities was more than offset by the one-time charge for repatriation of foreign earnings and other eliminated deductions. This resulted in less than a $0.01 per share negative impact in Q4. We'll speak more about the ongoing tax reform benefit in a moment.

We're pleased with our Q4 and full-year 2017 results. Our top-line did improvement in the second half, as we indicated it would. Our productivity initiatives delivered on their savings, helping us to boost margins and deliver solid profit and earnings growth. And we delivered on our guidance for each of the key P&L metrics, are shown on this slide, as well as for cash flow.

So let's get into a little bit more detail. Slide 7 shows the sequential improvement in currency-neutral comparable net sales performance that we generated in the second half. Driving the second half improvement were several factors. First, Pringles returned to growth in Europe after an unusual decline in the first half. Second, our U. S. Frozen brands, Eggo and Morningstar Farms, picked up momentum that started back in Q2. Third, we stabilized key international developed cereal markets, even growing sales in Q4 in Canada, Australia and the UK. Fourth, we slowed the declines in Special K globally, even gaining share in the U. S. and UK cereal markets in Q4. And we improved our growth in emerging markets, led by second half accelerations in Asia and the Middle East.

Remember, our net sales in both Q3 and Q4 had to absorb a planned negative 2% headwind resulting from the DSD exit in U.S. Snacks. This came in the form of SKU rationalization and list price adjustments. There was negligible impact in the first half, so the entire headwind was effectively in the second half. This was in line with our expectations for Q4, as it had been in the prior quarter.

When you exclude the mechanical negative impact of the DSD transition, our sales were up year-on-year in Q3 and up a little bit more in Q4. So clearly, we're starting to see underlying improvement in our top line. That said, we're not content with the sales decline, by any means, and returning to growth is a top priority for us.

Let's turn to profitability on slide 8, where we show the latest savings figures for Project K and Zero-Based Budgeting. As a status update, the bulk of the investments and actions for Project K are largely behind us, even if the savings run through 2019. And the same goes for ZBB, which is now a discipline incorporated into our daily operations. There's no question that we reduced the cost structure of our business with these actions. So we have good visibility into our cost structure going into the next couple of years as we continue to execute against these initiatives.

Slide 9 shows that these productivity efforts again paid off in the form of higher operating profit margins in Q4 and the full year. In fact, we finished the year with an operating profit margin of 16.9%, which is 250 basis points higher than the level we recorded in 2015, putting us well in the way towards the 2015 to 2018 target we set a few years ago.

On operating profit margin, we posted another quarter of strong expansion, led by efficiencies and savings initiatives in SG&A, most significantly from the elimination of DSD-related overhead. In fact, this overhead reduction was large enough to more than offset a substantial increase in brand-building across the company in Q4, both in U.S. Snacks and elsewhere. And it almost immediately brought U.S. Snacks towards the Kellogg North American operating profit margin average in Q4, even with the sizable reinvestments I mentioned.

Gross profit margin in the quarter was again reduced, but was effectively a reset of U.S. Snacks gross margin as it shifts out of DSD and into warehouse. As discussed previously, this involves a list price adjustment for the cost to serve of services we'll no longer be providing to the retailer, along with some logistics costs that now be captured in cost of goods sold as it resets the division's gross margin to a new lower level.

However, excluding this DSD-related reset in U.S. Snacks, the company's gross margin was up year-on-year, both in Q4 and the full year. Savings from Project K supply chain restructuring and Zero-Based Budgeting continue to more than offset the costs of investing in our food and packaging and the operating leverage impact of lower volume.

Our cash flow performance is shown on slide 10. In 2017, our cash flow was on our guidance and ahead of last year. It says something about the durability of our cash flow that through all the changes we are making, all the investments and restructurings that we are executing, we can still deliver strong and consistent cash flow.

Strong working capital improvement has funded nearly $1 billion of restructuring-related outlays over the past few years, not to mention elevated capital for expenditures for Pringles and other growth and efficiency investments. This durable cash flow gives us good financial flexibility, and we expect to increase cash flow again in 2018, so solid financial performance in 2017.

And with that, let's turn our sites into 2018, starting with our outlook for the top line. On slide 11, you'll see our outlook for net sales broken into key elements. First, the DSD transition, because the list price adjustment and SKU rationalizations really didn't go into full effect until mid-Q3 of 2017, we'll have about two quarters of negative 2% impact to total company net sales, just as we saw in Q3 and Q4 of 2017. This translates into about 1% negative impact for the full year. Excluding this DSD impact, our underlying business should continue to show improvement. We saw this in the second half of 2017 and this should continue into 2018.

Pringles Europe is back in growth. U.S. Frozen is back in growth. Specialty Channels continues to grow, and we are stabilizing our core developed international cereal markets.

In addition, we boosted brand-building investment in Q4. And this increased investment will continue into 2018, supporting key brands and with promising growth opportunities.

Consumption trends don't improve immediately, of course, but they should improve as the year progresses. That's why we think our underlying business can move towards flat sales in 2018.

Additionally, we've got RXBAR adding to our reported net sales growth. Between the acquired sales and the sustained growth momentum we see in the business, this could add another 1 to 2 percentage points of growth for us in 2018.

With that, let's turn to slide 12 and how we are looking at operating profit for 2018. Our productivity initiatives give us good visibility into cost savings. We expect to realize more than half of the remaining Project K savings in 2018, as well as all of the remaining Zero-Based Budgeting savings. Some of this will be used to cover modest cost inflation, led by a rise in transportation costs, and a good portion of this will be reinvested into our brands.

As you know, the reinvestment into demand-pull brand-building was a key element of our transition out of DSD. And so you can expect double-digit increases in brand-building in our U.S. Snacks business as well as smaller increases to our other businesses. Newly-acquired RXBAR contributes about 1 to 2 percentage points to our expected operating profit growth, reflecting not only the acquired profit but also its expected year-over-year growth.

From a margin standpoint, remember that gross margin will face the headwind of the DSD-related reset I mentioned earlier, but behind that should be continued productivity-led improvement and modest price realization. And at the operating margin level, we'll see strong expansion, as overhead savings related primarily to the DSD exit more than offset the reinvestments in brand-building. In fact, on the old GAAP basis, currency-neutral comparable and before the pension accounting changes, we would hit the 18% operating margin target that we established for 2018.

From a quarterly phasing perspective, keep in mind that our step-up in brand-building began in late Q3 of 2017 and will continue through the first half of 2018, holding our operating profit to relatively modest growth during Q1 and Q2 before accelerating in the second half.

So now, let's turn to slide 13 and our guidance for EPS. Before U.S. tax reform was passed, there was little difference between the operating profit growth and EPS growth because of offsetting items like higher interest expense related to the debt incurred to acquire RXBAR last October, and increased other income reflecting a higher pension asset base following last year's strong financial markets performance.

But this below-the-line leverage changes meaningfully with the recently-enacted U.S. tax reform. Through a lower corporate tax rate, partially offset by reduced or eliminated deductions, this reform will bring our overall corporate effective tax rate to something closer to 20% to 21% or about 5 to 6 points lower than our 2017 rate.

For now, we view this benefit as an opportunity to improve our financial flexibility. For example, we can use the tax reform's cash flow benefit to deleverage our capital structure. On the heels of our acquisition of RXBAR in December, the timing is right to pay down some debt and keep our powder dry for future opportunities. This means less of a year-on-year increase in interest expense.

Additionally, we can take a more conservative approach to our pension funds by making a cash contribution and/or shifting to a less aggressive investment mix, which would be accompanied by a reduction in our expect return on assets assumptions. This pulls down other income year-over-year.

Our EPS would have grown anyway this year, but this tax reform gives it an added boost. The result is an adjusted EPS growth of 9% to 11% year-on-year, another year of strong earnings growth. This, of course, is a currency-neutral outlook. Currencies are always volatile. And you've seen some swings in the past couple of months. Our best estimate right now is for currency translation to be modestly positive in 2018.

Slide 14 puts it all together: flat currency-neutral net sales, showing sequential improvement in underlying brands; strong currency-neutral adjusted operating profit growth, even with the increased brand-building investment; and strong currency-neutral adjusted EPS growth, helped additionally by tax reform. It also includes cash flow. We expect cash flow of roughly $1.2 billion to $1.3 billion, another year-on-year increase, aided by benefits from U.S. tax reform.

Overall, we think our 2018 outlook offers a good balance between savings and reinvestment, between top-line improvement and sustained operating profit growth. And we think it leaves us with greater financial flexibility for the future. So I agree with Steve. We are entering 2018 on sound financial footing, and we have the plans that will strengthen even further across the year.

And with that, let me turn it back over to Steve for a review of our businesses.

Steven A. Cahillane

Thanks, Fareed. Let's start with our largest business unit, U.S. Snacks, and slide number 15. In Q4, this business unit posted another quarter of strong operating profit growth, owing to the reduction of DSD overhead and partially offset by a planned substantial increase in brand-building, which should help build momentum heading into 2018. You can see the strong net impact on Snacks' operating profit margin.

In Q4, the impact of our DSD transition, namely our price adjustment and our SKU rationalization, came in as expected, roughly 8 percentage points of negative impact to U.S. Snacks' sales or about 2% negative impact to the overall company. This implies underlying growth for this business unit, just as we saw in Q3. This might have been aided by higher trade inventories, as retailers are still finding their optimal level for this new set of products in their warehouse, but this performance certainly indicates that we are on the right track.

Following our pullback in merchandising in late Q2 and early Q3 related to the DSD transition, we started to get back into normal promotional activity in Q4, and we supported key brands with increased advertising. This started with crackers, as the holiday season is an important one for this category. And we saw almost immediate resumption in consumption growth from our two biggest cracker brands, Cheez-It and Club.

We also improved consumption on key supported brands in our other categories, Keebler Fudge Shoppe and Famous Amos in cookies and Rice Krispies Treats in wholesome snacks. As I mentioned previously, we're please so far with the execution of an initiative that was enormously complex and risky. We completed the exit on time and on budget, and we received favorable feedback across our customer base.

Now, we are working through operating and competing in this new way of going to market in the supermarket channel. There will be some noise, at least through the first half of 2018. We've already discussed the noise in the P&L with the gross margin reset and big overhead savings offsetting increased brand-building, but there's also noise in the scanner data. Through the first half of 2018, we know we'll see lower ACV owing to our SKU rationalization. And we fully expect a decline in secondary and tertiary displays. All of this was planned.

We're pleased with our shelf assortment. And we believe that the added brand-building investment will continue to drive gradual improvement in our consumption and share performance. If you're looking for a lead indicator, it is velocity. A shelf strengthened by rationalizing tail SKUs and brands supported with more brand-building point to gradually improving velocities.

And as you can see on the chart, this improvement in velocity is already starting to take shape. So the message is we're on track. We've got a couple more quarters of year-on-year noise, but we feel good about where we're headed. The result should be gradually improving sales with another year of strong operating profit growth.

Now, let's turn to slide number 16 and U.S. Morning Foods. The quarter's operating profit decline was exaggerated by being up against an outsized 29% gain in the year-ago quarter. But what was the disappointing was that the cereal category did not improve on its year-to-date decline rate in Q4. As we've stated previously, we know what it takes to grow this category. It takes exciting food news centered around health benefits and taste and combined with effective brand-building and in-store execution. And we, and others, simply didn't bring enough of that to the category last year. So that's where our focus is. And Special K in Q4 can give you a glimpse of how we're getting back to this playbook.

In the second half, we properly married up food news with an effective media campaign and in-store activation, and we saw good results. The brand stabilized in its consumption and returned to share growth.

Similarly, we realized improved performance in Q4 for Pop-Tarts, a brand that had an uncharacteristic decline in the first half. Driving this improvement were commercial plans with strong in-store display activation.

Morning Foods enters 2018 with a stronger commercial plan, both in terms of bigger on-trend ideas and in terms of higher brand-building investment. In late December, we launched a truly unique cereal offering, Special K with Probiotics, leaning into a budding and justified consumer interest in digestive health.

We recently launched Chocolate Frosted Flakes, already the number one innovation at many retailers, and we've gotten off to a good start to the year. We know we can stabilize this business. We did it in 2016. And we did it this year in our other core developed cereal markets. We expect to see Morning Foods' operating profit [ph] way (25:06) down by increased commercial investment in 2018, but with gradually improving sales performance.

Let's now turn to Specialty Channels, shown on slide number 17. This business unit posted its 10th straight quarter of sales and profit growth in Q4, and this was in spite of the toughest comparisons of the year on both metrics. So this business unit has put together a really impressive track record.

Sales growth in the quarter was delivered by each of our three core channels, foodservice, convenience stores and vending. Foodservice was aided by additional FEMA orders in the aftermath of hurricanes in the Southeastern United States, and all three channels benefited from innovation and distribution gains.

Margin expansion also continued in the quarter on the strength of ZBB and RGM efforts. These are important and growing channels for us. And our sustained momentum reflects our continued focus on winning wherever the shopper shops.

In 2018, we expect to see continued growth in sales and share. We'll have to lap some unusual benefits, such as hurricane-related shipments in Q3 and Q4 of 2017, but we will continue to grow this business. Profit may be down, but that's only because of some reallocation of manufacturing and warehousing costs from other North America business units.

Now, let's talk about our North America Other segment, shown on slide number 18. This segment posted another quarter of sales and profit growth in Q4, closing out the year with an impressive second half.

U.S. Frozen Foods sustained its momentum with both Eggo and Morningstar Farms posting strong growth in consumption and share. Eggo continues to benefit from a reformulation to remove artificial flavors and colors as well as the continued success of Disney-shaped waffles.

Morningstar Farms is being driven by effective brand-building and in-store support, emphasizing our core on-trend, delicious grilling items. Canada also posted another quarter of sales growth, with growth across our portfolio.

Most impressive has been the return to share gains this year in cereal, where brands across our portfolio are responding to innovation and commercial programs. At Kashi Company, while we continue to work to stabilize the Kashi brand outside the natural channel, its fourth quarter was highlighted by the continued momentum of our Bear Naked brand, which has become the number one granola brand in the U.S. behind on-trend innovation and expanded distribution. North America Other carries momentum into 2018, led by Frozen. We'll also build on the incredible growth of newly-acquired RXBAR.

Turning to Europe and slide number 19, this region had its best quarter of the year in Q4 from a top line perspective. Not only did we get back to growth, we did it across our portfolio.

Pringles continues its return to growth following our interrupted promotional activity in the first half. This brand is back on track in developed markets and continuing its expansion in emerging markets like Russia, Central Eastern Europe and Turkey.

Cereal sales grew in the quarter. We grew in the UK, where we have successfully stabilized share with increased advertising behind core brands. Not only did Crunchy Nut, Corn Flakes and Krave gain share on improved velocities, but so did Special K.

We also improved our performance across Continental Europe, in particular France and Italy. Wholesome snacks also posted increased net sales in Q4, with notable contribution from expansion in the Middle East.

Europe was one of the businesses where we elected to add some incremental brand-building investment in Q4. This pulled down operating profit in the quarter, but bodes well for sustaining our improved sales and consumption performance.

Europe's fourth quarter performance gives us confidence as we head into 2018. Pringles is back in growth, with more expansion to come. Our emerging markets businesses, especially markets like Egypt and Russia, will continue to grow. And while the developed UK and Continental Europe markets remain difficult, we're confident we can maintain their stabilization via improved commercial plans, such as health and wellness-oriented innovations. And on the operating profit line, we should continue to benefit from productivity initiatives.

Slide number 20 discusses Latin America. All year, our soft top-line and bottom-line performance in this region was attributable to one particular sub-region, Caribbean/ Central America.

Just as we were getting out from under an overhang of trade inventory in the first half, business got substantially interrupted by Hurricanes Maria and Irma in Puerto Rico in late Q3. Business remained challenging through Q4, though we started to see signs of stabilization. Outside of Caribbean/Central America, we again posted growth. In Mexico, our biggest business in Latin America, our consumption and sales were up in both cereals and snacks, finishing a good year. In the more economically-challenged Andean and Mercosur sub-regions, our cereal sales were down, but this was offset by strong expansion in snacks.

And not fully in these currency-neutral comparable results was Parati. Acquired in December 2016, this business tripled our scale in Brazil. And despite very challenging economic conditions, the business posted double-digit growth in both the fourth quarter and full-year 2017. It's now largely integrated and is showing in-market momentum and it has great plans for expansion.

In 2018, we should see stabilization in Caribbean/Central America, steady growth in Mexico and momentum in Parati. The result should be improved performance for Latin America, both on the top line and the bottom line.

We'll finish up with Asia Pacific on slide number 21 Asia Pacific had another strong quarter, with solid top-line and bottom-line growth. We grew in both cereal and snacks. Cereal growth was led by rapid growth in India and Korea, and we also posted another quarter of growth in our very developed Australia cereal business.

As we've discussed previously, we have stabilized this business, growing consumption and share through food news and media behind our health and wellness brands as well as innovation and brand-building behind our taste-oriented brands.

Snacks growth was driven by both Pringles and wholesome snacks. Pringles' continued growth was broad-based across the region, driven by emerging markets as well as Australia and Korea.

Wholesome snacks, still a relatively small business for us in this region, posted especially strong growth in Korea. And we're in the early phases of launching these products elsewhere in Asia and Africa.

It's important to remember that these results do not include our joint ventures in West Africa and China. Once again, these operations posted strong double-digit net sales growth year-on-year, continuing to build scale and brand awareness for us in these emerging markets. If these JVs were consolidated, we'd be reporting a significantly larger growth rate in Asia Pacific and, in fact, one of the fastest growth rates in our peer group in that region.

So Asia Pacific finished strongly in what was a very good year in 2017. We expect Asia Pacific to continue to be a growth driver for us in 2018, led by cereal and Pringles expansion in Asia. Though not in our consolidated results, we'll also continue to expand our joint ventures.

So allow me to summarize with slide number 22. First, I am so excited to be here at this company, at this time. We have special brands, special foods, special people and a special culture. These are key ingredients, and we have an organization that is hungry to win again. We're coming off a year in which we gained traction in several businesses, reduced our cost structure, improved our working capital and delivered strong profit and earnings growth that was in line with our guidance.

We're on sound financial footing going into the new year. We've made big important strategic moves. The transition out of DSD was central to accelerating growth and margin expansion. We boosted our emerging market scale by growing organically, while integrating Parati in Brazil and rapidly expanding our joint ventures reach and product line in Africa and China. We acquired RXBAR, filling in a white space for us and offering us a new growth platform. And we boosted our resources and sales in the rapidly-growing e-commerce channel. We are on our way back towards top-line growth.

Net sales guidance for 2018 reflects roughly two quarters of negative DSD transition impacts and the prudent assumption that it will take some time for our investments to take hold. Our commercial ideas are stronger, and we are putting increased investment where the growth is. We have strong cost savings that enable us to boost investment in growth, while still delivering on margin expansion and solid profit and earnings growth.

We'll go into more detail at CAGNY in a couple of weeks, when we'll discuss where I see the most promising growth potential and how our growth trajectory might look over the next few years. I also look forward to meeting many of you while there. I'd like to finish by thanking our employees for their incredible dedication and hard work.

And with that, let's open it up for questions.

Q&A

Operator

We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Alexia Howard with Bernstein. Please go ahead.

<Q - Alexia Jane Howard>: Good morning, everyone.

<A - Steven A. Cahillane>: Morning, Alexia.

<A - Fareed A. Khan>: Morning.

<Q - Alexia Jane Howard>: Hi, there. I guess, I'd like to focus on the Morning Foods segment because the sales trends have been particularly challenged in there, even against a negative comp from a year ago. Could you talk a little bit about the competitive dynamics in there? It looks as though your key competitor has taken pricing down. And also maybe trends on distribution in the U.S. cereals category for you as well, when do you expect that to actually bounce back into positive sales growth? Thank you and I'll pass it on.

<A - Steven A. Cahillane>: Thank you, Alexia, appreciate the question. First, I'd start off by saying as regards to our Morning Foods business, it's an important business for us and one that we believe can return to growth. And we've demonstrated that by growing three of the four core cereal markets around the world. We stabilized the business in Canada, in UK, and Australia around a playbook that focuses on nutrition, on brand-building and in-store execution.

These are the things that I've learned in my four months are key drivers to the category. They stabilized the business in those three markets, and they can do the same thing in the North American market as well.

Having said all that, I'd also remind you, though, that Morning Foods is not going to be the growth driver for us in the Kellogg Company. We know we can stabilize it. We aim to stabilize it, but we look across the world and we see our emerging markets growing the way that they are, Asia Pacific doing incredibly well, the growth of Parati in Brazil and Mexico back to growth, the UK and Europe stabilizing and growing in the second half and the incredible growth driver that is Pringles around the world.

It sets us up for really solid growth. But Morning Foods is a business that we know we can stabilize once again, focusing on nutrition, brand-building, in-store execution and the right level of investment. And you'll see that coming out of Q4, where we put additional investment behind all of the businesses I just spoke about and that'll continue into the first half of 2018, where we aim to slowly stabilize the business of Morning Foods.

<Q - Alexia Jane Howard>: Great. Thank you very much. I'll stick to my one question and pass it on.

<A - Steven A. Cahillane>: Thanks, Alexia.

Operator

The next question comes from Bryan Spillane with Bank of America. Please go ahead.

<Q - Bryan Spillane>: Good morning.

<A - Steven A. Cahillane>: Morning, Bryan.

<Q - Bryan Spillane>: Hey. I guess a question around the Snacks business and investment in 2018. Steve, can you talk a little bit about how much of the investment is going behind I guess, increasing like marketing or pull investments? And how much of it in 2018 will go towards beginning to expand the Snacks footprint into other channels, given that it had such a focus on large-format foods? So really trying to understand how much of that investment is brand pull or marketing pull and how much might be beginning to inch out distribution into channels where it was under-represented.

<A - Steven A. Cahillane>: Yeah. Thanks, Bryan. First, I know you're aware of the whole reason that we pulled out of DSD. It was not a good return on investment and I give great credit to the team that pulled this off, because it was incredibly complex and it was brave and it was done with great execution. And it's allowed us to put that money back into brand-building. Significant pressure against the brands started last year and will continue into this year, with the whole model now being a pull model versus a DSD push model focused on the consumer, focused on brand-building.

Having said that, there's also innovation coming and different formats that you talked about, more focus on immediate consumption, where we believe we have big opportunities. And so you'll see us doing a lot of innovative things, a lot more brand-building things. And what's allowed us to do this is the whole DSD exit and the focus on pull and brand-building. So very pleased about where we are, pleased about the investment back into the top line. And we believe we'll see good underlying growth based on the execution of the programming.

<Q - Bryan Spillane>: Okay. Thank you.

Operator

The next question comes from Robert Moskow with Credit Suisse. Please go ahead.

<Q - Robert Moskow>: Hi. Two questions; one is just on currency. I had thought that you would have a little bit more EPS benefit from currency for the year than what you seem to be intimating here. Is there something happening from across currency standpoint that's, I guess, contradicting that?

And secondly, Steve, it is great to see Europe, Australia stabilizing. But I guess, over the years, we've been trained to, I guess, not quite trust stabilization in those markets. Things happen. And I just wanted to know if you have a good sense of why these efforts that have been made more recently have some sustainability to it? And do you believe that the category in those markets is stable or is it just like what your business is doing is executing better? Thanks.

<A - Fareed A. Khan>: Robert, it's Fareed. I'll start by just your questions on currency. Obviously, we look at the future, just like everybody else. And so this thing can move around a little bit. But our view in 2018 is that we're going to see modestly positive FX impact on the business, and that's what we've given. There's also country mix that factors into there. We look at different parts of our business growing.

And then, our primary exposure is to obviously the dollar, the pound, the Canadian dollar and the Mexican peso and so it's really those are the key currencies that factor into it. But right now, our view is modestly positive for next year. Is that a percentage point? Is it a percentage and a half? That's kind of the range that we're in right now. I'll turn it back over to Steve.

<A - Steven A. Cahillane>: Yes. Robert, thanks for the question. I'm not going to over-promise and say that nothing's ever going to happen and businesses aren't going to fluctuate and go up and down in competitive environments. But what I will tell you is what I've seen in those three core markets has been an execution, a solid execution around, what we call here, the playbook. And again, it's nutrition, brand-building, in-store execution and excellence in execution. And I see that in the three markets. And I can give you some examples of that.

So, for example, in the UK, Corn Flakes has been a business that's been around for a very, very long time, very mature business. And the team there put together a new brand-building idea, a program around what we internally call versatility, but was really a reintroduction to consumers to reconsider Corn Flakes in various dayparts and a real fun way to talk about in a social media way how people enjoy the perfect bowl of Corn Flakes. It went viral. It became part of the dialogue. It became contemporary again and Corn Flakes started growing double digits.

And so you point to things like that and you see things like that, and it fundamentally reinforces to me that this is a business that can grow. The other thing I would tell you is, you'd be hard-pressed to find businesses with household penetration that are almost 100%. I mean, getting it into people's pantries is not difficult, it happens. But getting people excited about it is our job to do. And we can do better in brand-building in the United States, and we've got good programs and good ideas that we're bringing forward.

I guess another thing I'd tell you is it just requires innovation and constant innovation and really pressing ourselves. And if you look at Bear Naked in the U.S., which is now the number one granola brand, it's number one granola brand because it's excellent food, well executed and is really connecting with consumers. So it's up to us to really maintain a high standard of these things and execute with excellence because it's not easy. It's a competitive category. It does respond when it's marketed to well, but if you stumble, you can lose some volume.

So we are bound and determined to grow the three markets that are stabilized, to stabilize our North American Morning Foods business. But as I said earlier to Alexia, it's also you shouldn't look at U.S. Morning Foods and say this is going to be the growth engine for the Kellogg Company. It's all the things that I mentioned earlier around emerging markets, around our other brands and categories, getting bigger in snacking.

I mean, this company over the course of the last five years, has really transitioned itself from primarily a cereal business to much more of an innovative snacking business. And the latest acquisition of RXBAR is just kind of the cherry on top. That's a business that filled a white space for us. And it's doing incredibly well and really connecting with consumers and growing rapidly, has outsized share based on its ACV distribution.

So you'll see us invest wisely around where we see the real opportunities to grow this business, but we will not starve areas of the business that we know are important and we'll do it prudently and wisely.

And I believe we can get all four businesses in a good stable position, but I come around again to say it won't always be perfect. In any business that has the type of excellent portfolio spread wide that we do, they're always going to be areas that are accelerating and doing well and areas that we're working on. We're not always going to have a U.S. Frozen business that's growing double digits, but when we do, we'll invest wisely behind it, try and continue to push that. But we have to be cognizant of all the different portfolio pieces that we have, invest wisely so that we can grow the totality of our business.

<Q - Robert Moskow>: Okay. Thank you.

Operator

The next question comes from Ken Goldman with JPMorgan. Please go ahead.

<Q - Kenneth B. Goldman>: Hi. Thank you. Steve, if you look at the EBIT margin, including the change in pension accounting, I would argue it's a little bit toward the lower side of the peer group, depending on who you're including in that.

Can you talk a little bit, and I know it's still early days for you and maybe you haven't done this full analysis yet, but as you look down the road, how much of a margin opportunity do you see? And if you do see one, where might some of those opportunities come from?

<A - Steven A. Cahillane>: Yeah, Ken, thanks for the questions. I do see opportunities to continue to expand our margin. But the important thing that I see is it's an and thing. We have to continue to expand our margins and we have to grow our top line by continued smart brand-building investment.

Currently, our index versus our peers is higher in brand-building. So that's one of the reasons we're a little bit lower on the operating profit margin. But having said that, we clearly have an opportunity to continue to expand our margins and you'll see us target towards continued top-line growth, continued margin expansion.

The best way that I see of expanding our margins is continuing the great discipline that has happened around this company around cost containment and cost reduction.

You've seen that in Project K. You've seen that in ZBB. You've seen that in zero overhead growth, all which have led to the 250 basis point improvement that Fareed talked about and will continue into this year, allowing us to achieve that 350 basis points, but that's not a finish line.

It's not a finish line, so we'll continue to expand our margin, but the best way to do it, again, is to maintain a good cost discipline and to grow the top line, and do those both types of things.

And you get into a nice algorithm that historically we've seen in this business. And we believe we can get there and it'll be by focusing on both of those things, top-line growth and cost containment leading to good margin expansion.

<Q - Kenneth B. Goldman>: Great, thank you.

Operator

The next question comes from Tim Ramey with Pivotal Research Group. Please go ahead.

<Q - Timothy S. Ramey>: Thanks so much. Steve, your background is considerably different than many at Kellogg. And you didn't really get into kind of strategic [ph] views of capital and fun. (47:15) I know you're not going to in response to the question, but is it something we'll expect you to discuss at CAGNY in a more full way?

<A - Steven A. Cahillane>: Thanks for the question, Tim. We are going to discuss at CAGNY a much more fulsome strategic view of where we see the company going over the course of the next three-plus years and beyond to include many things. What we promised here today is to talk about 2018 guidance, which we've done. And then at CAGNY, we'll be talking about the more strategic questions that you raised.

<Q - Timothy S. Ramey>: Perfect. Thanks.

Operator

The next question comes from David Driscoll with Citi. Please go ahead.

<Q - David Cristopher Driscoll>: Great. Thank you and good morning.

<A - Fareed A. Khan>: Morning.

<A - Steven A. Cahillane>: Morning, David.

<Q - David Cristopher Driscoll>: I wanted to ask about the reinvestments. It's a bit of fourth quarter question here and a bit of a 2018 question. The Snack business, I think the original projection was a 17% margin by 2019. You hit that number in the fourth quarter here, so clearly an over-delivery, EPS comes in a little bit ahead of consensus.

In a lot of places, you said you reinvested. Is it correct to say that Snacks fairly substantially over-delivered and the company chose to take that over-delivery and reinvest it across the business in the fourth quarter? And then in 2018, can you give us some quantification of the size of this reinvestment? Thank you.

<A - Fareed A. Khan>: Sure David, its Fareed. So we did have a strong Q4. Snacks definitely had a good quarter. We had other businesses that had very strong results as well. And the Snacks success was really the successful execution against the DSD exit. We've been talking about that for several quarters, but the key elements of that fell right into place. And we're starting to benefit from the overhead savings that are flowing through. There was always a plan to invest back in Snacks' brand-building. And as you'll recall, we actually pulled back on some of those investments in Q2 and Q3 to just sort keep promotional activity stable.

And so we are probably light on investments back into those key Snacks brands. That came on as planned in Q4. Those will continue and so we're back at it. And we're actually seeing velocities, and we're seeing some of those brands come back, which is encouraging.

On top of that, because of the strong performance, we did additional investments in very targeted areas, so we looked across the different opportunities. We have some very solid ROI metrics. We looked across opportunities and we probably had somewhere in the order of a $50 million year-over-year lift in brand-building in Q4, which is pretty meaningful, but we were on track for a strong full year delivery. And we're pleased with the outcomes.

As we look into 2018, what we want to do is make sure that we've got fuel in the first couple of quarters to continue to build on that momentum. And so as you think about Q1 and Q2, what you see there is a sort of a run rate incremental brand-building investment like we've seen in Q4.

And, again, it's for sure in Snacks, because that's always the plan. We're also taking a pretty targeted look at other businesses, not just in North American, and around the world. That's why in the phasing, we want you to consider heavy incremental brand-building Q1, Q2 and then going back more to a normalized pace. And then we'll see how the year progresses. Obviously, if the brands are responding, we'll continue to keep the pressure. But we like what we see so far.

<Q - David Cristopher Driscoll>: So it sounds like the narrative is pretty straightforward. You guys have been exceeding your plan. You've taken some of that over-delivery, reinvested it. That'll continue into 2018. I think that's what you just said, but, Steve, maybe you can just comment then on organic revenue forecast. I think it's minus 1% to minus 2%, so just connect the dots for us. When we hear all this reinvestment, it sounds great. When you listen to the organic revenue forecast, it's still weak, minus 1% to minus 2%. Is this just very conservative on your all's part or do you just think it takes that much time before we actually can get back to something positive?

<A - Steven A. Cahillane>: Yeah. Thanks, David. I think I'd point out a couple of things. We still have the headwind of the DSD exit, which continues in the first half, which is worth about a point.

And so we look at the underlying really to be flat to minus 1%. I wouldn't call it conservative. I'll call it prudent. I think it's right down the middle. We've got RXBAR, which will add a point to two. So we're trying to get this business talking about growth, focused on growth. And clearly, we're investing in growth.

Now having said that, I see a lot of opportunities around the world and in North America already growing, we've got Asia Pacific. We've got Pringles globally. U.S. Frozen, which I mentioned, which is really hitting on all cylinders right now, U.S. Specialty with 10 quarters of solid growth. And the emerging markets, which are very exciting to us, with stabilization in [ph] Cari/Cam, (52:27) good momentum in Parati, opportunity to expand Snacks in Asia. And so I get to the point of your question. You say all of those things and say, wow, that sounds exciting, why not a more aggressive growth forecast?

Well, we're going to shoot to do better than that, but we think it's better to be prudent, but we're going to shoot to do better than that. As Fareed said, we've invested in the fourth quarter. We like what we see coming out of that investment.

We're going to put continued pressure in the marketplace. If you take what Fareed talked about in the fourth quarter and you carry that through to 2018, we'll have at least $100 million of additional brand-building pressure in the marketplace.

And I'd love to be in a position where we're talking about exceeding our net sales goals, but right now, we think it's just smart to be prudent since it's still early.

<Q - David Cristopher Driscoll>: I really appreciate the depth of the answer. Thank you.

<A - Steven A. Cahillane>: Thank you, David.

Operator

The next question comes from Matthew Grainger with Morgan Stanley. Please go ahead.

<Q - Matthew C. Grainger>: Hi. Good morning. I just wanted to ask about gross margin outlook, I guess. Fareed, I know you talked about some of the puts and takes, the continued impact from rebasing the margin structure in Snacks and then some benefit from pricing, but can you give us any more quantified view of the gross margin outlook, off of whatever the restated base is ultimately going to be, both on an underlying basis and once we take into account of the DSD exit?

And I guess, just in terms of other specifics, if there's any commentary you can give us on the impact of freight costs and how that's reflected in the outlook.

<A - Fareed A. Khan>: Sure. So let's take gross margins and for the moment peel away the effect of the DSD dynamics. And what we want to see is stable to slightly improving margins. And that's going to come from continuing to innovate and drive products that are mix-accretive, but a big part of that is the efficiency programs that we drive every day.

And so, while we do expect to see logistics inflation be a factor, some of the commodities that go into our products, we see inflationary. Some are the other way, but the most important thing is we've got ongoing productivity and cost savings initiatives that are addressing those and so we see gross margins up to flattish as we go into next year.

Then when you overlay the DSD, there's a mechanical effect of the price adjustments. And there's also a geography impact, where the DSD model of all of those delivery warehouse-related costs flow through overhead. Some of those now flow throughout cost of goods.

So you factor those out, but what you get to is a stable to slightly improving gross margin. And that's primarily driven by productivity offsetting those inflation factors I talked about.

<Q - Matthew C. Grainger>: Okay. And just to follow-up on the last piece, the impact of higher freight costs, obviously, that's something that you can offset with the productivity and the cost savings, but how severe of a discrete headwind is that?

<A - Fareed A. Khan>: It's a factor. With combination of driver shortages and regulation changes, it's something I think that everybody's facing. So it's something that we need to manage. So logistics specifically, we saw double-digit type of increases in Q4. We expect to see high single digits as we go into 2018. How that plays out over the longer-term, [ph] it will be difficult to watch. (56:12) But it's back to really looking at our network and continue to make sure we've got the most efficient network. And part of the DSD logic, again, was to get all of our businesses on one platform. And that creates the basis for continuing to optimize and to move forward. But I think in the near-term, logistics will be a challenge for everybody.

<Q - Matthew C. Grainger>: Okay. Thanks for the color, Fareed, appreciate it.

Operator

The next question comes from Michael Lavery with Piper Jaffray. Please go ahead.

<Q - Michael S. Lavery>: Thank you. Good morning.

<A - Steven A. Cahillane>: Morning.

<Q - Michael S. Lavery>: As you think about brand spending or investments, how do you determine what the optimal level is? And is it benchmarking against peers or a percentage of sales or just some of what your history has been? How do you factor all that in and what drives how you think about what the right increases are?

<A - Steven A. Cahillane>: Thanks for the question, Michael. I can tell you what I found when I came in was a very good and sophisticated marketing mix model with good ROI measurements. And so you kind of start there in terms of understanding what you can get for your investment. But there's nothing like a great idea well-executed that builds equity and drives consumer interest, drives trial, drives repeat. And so there's no one model that will tell you where you get to the point of diminishing returns, but great ideas well-funded can do wonders for brands. And we've seen that and we continue to see that here.

Having said that, there's also minimum requirements for brands that are an important part of our stable that we make sure that we don't slavishly just chase where the best ROIs are, but we're also prudent and we give solid brands enough support so that we don't have a tail that we have to address down the road.

So there's a lot of science to it, but there's still some art to it. 25 years ago, it was 80% art, or maybe 90% art and 10% science. Now, you're probably 70% science, and the rest judgment, wisdom, experience and art. And we're trying to put all those things into place as we build plans and then you adjust those plans as you see exactly what's happening and what return you're getting and what's moving the needle.

<Q - Michael S. Lavery>: And do you have a commensurate increase in R&D for the innovation to put the marketing dollars behind? Are those coupled at all and how do you think about that bucket of spending?

<A - Steven A. Cahillane>: Well, it's an important bucket of spend, because we're very focused on innovation. And you'll see us bringing things in the back half of this year and into 2019 that we're working on accelerating right now that come right out of our R&D group working together with our business units. We've got a terrific R&D facility here, it's inspiring to go through. I've been very, very impressed by the capability that we have. And so it's clearly an area as I look around that's worthy of investment, but it's got to be completely joined up with the rest of the businesses.

And I think from an efficiency standpoint, we can probably do even more with what we have currently. And as we look at the model, it doesn't all have to be in-sourced. It comes through partnerships. It comes through activities like [ph] our 1829 investments. (59:29) It comes from even acquisitions. RXBAR's brought a tremendous amount of new thinking and innovative thinking and entrepreneurial flair to the company. So we look at it holistically. But we are excited when we see the opportunity to put a $100 million of additional pressure behind our brands over a kind of a rolling 12-month basis.

<Q - Michael S. Lavery>: Okay, great. Thank you very much.

Operator

The next question comes from Pablo Zuanic with SIG. Please go ahead.

<Q - Pablo Zuanic>: Thanks, good morning. It's a bit of a philosophical question, but Coca-Cola Company, where you were before, does a great job in terms of persuading people in emerging markets to drink soft drinks. And do you really see the potential in emerging markets and cultures, where cereal is not part of a local habit or culture, for Kellogg to really build that business over time, or is your focus going to be more on developing the Snacks business in emerging market, and not emphasize cereal as much?

That's the first question and the second one just related to that, when you bought RXBAR, you talked about pivoting to growth through acquisitions. That was my interpretation at the time. We've seen coffee companies buy soft drinks companies. We've seen coffee companies buy pet food companies. Does that mean that Kellogg, at some point, as it pivots to growth, that it would look at other categories also? Thank you.

<A - Steven A. Cahillane>: Yeah, Pablo, thanks for the questions. First on the cereal in emerging markets, I see a real opportunity to actually develop that in many markets, but it's an and thing. Our bigger opportunity is, I mean, we have a huge opportunity with Pringles and snacks around the world.

I was in Nigeria just a couple of weeks ago. We've just launched cereal there and it was very exciting to watch. It was very exciting to be with the team as they were going through the plans and actually launching the product.

So we see good opportunity. It's affordable. It's healthy. It hits on a lot of trends around health and wellness, around megatrends of emerging markets and growing middle classes. It's, in many ways, just a perfect addition to diets and lifestyles in many emerging markets, but it's an and thing because we have big opportunity with snacks in emerging markets as well.

And the other thing I'd tell you or answer your question around acquisitions, I want to be very clear. They are great opportunities as we look around the world to do acquisitions like RXBAR, where we see a white space in our own company and we see the right opportunity at the right price. And we have to be very, very disciplined buyers as it pertains to M&A, but the single biggest opportunity I see is actually organic growth, both in our North America business but in our out of America North America business, our emerging market business and our Europe business.

So we've got great opportunity with this wonderful stable of brands that we have, to grow them through focusing on the right brand-building activities and, again, leaning forward and investing in the brands, which you're seeing us do with this $100 million of rolling 12-month pressure against them. And we believe this great portfolio of brands can grow, not every single one and not every single geography, but on balance we can get an algorithm of growth that really works for us. And then we can look at bolt-on acquisitions, like RXBAR, as an accompaniment to that. And so that's the way I kind of see our portfolio, and I think it's very exciting. And so thanks for the question.

John Renwick

Unfortunately, we've hit 10:30. So we're going to have to finish the call here. I'm around all day, if you have any other follow-up questions, but thanks for your time and interest. Operator?

Operator

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.

Press Releases

Kellogg's

KELLOGG COMPANY RECOGNIZED ON 2018 NAFE TOP COMPANIES FOR EXECUTIVE WOMEN

March 06, 2018

BATTLE CREEK, Mich., March 6, 2018 /PRNewswire/ -- Noel Geoffroy, President, Kellogg U.S. Frozen Foods shares her thoughts on what makes Kellogg a great place for female executives.

Shortly after being promoted to my current role as President, Kellogg Frozen Foods, my 86 year old mom was scheduled for knee replacement surgery – and I knew it was important for me to be there.

It was the classic career conflict: Here I was, the newest member of the Kellogg North America Leadership Team, and I was about to miss my very first Leadership Team meeting – for personal reasons.

When I brought up the situation to my manager, Paul Norman, President Kellogg North America, he couldn't have been more understanding, as he encouraged me to support my Mom without a second thought.

This is one of my experiences working at Kellogg, in an environment that supports women at all levels within the company, and allows us to flourish at work, and in our lives as a whole.

So, it's especially gratifying – yet not at all surprising – that the National Association of Female Executives (NAFE) recently recognized Kellogg Company on its prestigious 2018 Top Companies for Executive Women list. The NAFE Top Companies survey evaluates companies on every aspect of women's advancement, from succession planning to profit-and-loss roles, to gender pay parity, support programs, and work life balance programs. This marks the seventh time Kellogg has been on the NAFE list.

Kellogg's representation of women in senior level roles is impressive in the industry, with significant influence and accountability. We also have a very impressive international Business/Employee Resource Group (B/ERG) Women of Kellogg or WOK. It's the largest and most global B/ERG at Kellogg, offering support, advice and opportunities for women throughout the company.

Being a Top Company for Executive Women means supporting us to be our best selves each day. For me, that means striving to be the best possible wife, mother, daughter, friend, sister and business executive – and being able to flex the time I spend on these roles based on what's going on.

And on those days when I've had to put one of my other life roles ahead of my work role, Kellogg has always supported me in making the right life choices.

In turn, I recognize that one of my most powerful roles is as mentor for other women in the company – a strong, visible role model who knows the importance of life's non-work moments, even as I continue to demonstrate the ongoing commitment to work that my career requires.

For me, it's not either/or. It's just life. And I feel fortunate that I work for a company that encourages me to be my best in all of life's roles. A company recognized nationally and internationally for its advancement and support of women at all levels and in all capacities. A company that encourages a new executive to be there for her mom's surgery, even if it means missing an important meeting.

A company like Kellogg.

P.S. I'm happy to report Mom's new knee is working beautifully and she's back to her active self!

Noel Geoffroy
President
U.S. Frozen Foods

About Kellogg Company
At Kellogg Company (NYSE: K), we strive to enrich and delight the world through foods and brands that matter. Our beloved brands include *Pringles®, Cheez-It®, Keebler®, Special K®, Kellogg's Frosted Flakes®, Pop-Tarts®, Kellogg's Corn Flakes®, Rice Krispies®, Eggo®, Mini-Wheats®*, Kashi®, *RXBAR®* and more. Net sales in 2017 were approximately $13 billion, comprised principally of snacks and convenience foods like cereal and frozen foods. Kellogg brands are beloved in markets around the world. We are also a company with Heart & Soul, committed to creating three billion Better Days by 2025 through our Breakfasts for Better Days global purpose platform. Visit www.KelloggCompany.com or www.OpenforBreakfast.com.

KELLOGG COMPANY DECLARES REGULAR DIVIDEND OF $0.54 PER SHARE

February 16, 2018

BATTLE CREEK, Mich., Feb. 16, 2018 /PRNewswire/ -- Kellogg Company (NYSE: K) today announced that its Board of Directors declared a dividend of $0.54 per share on the common stock of the Company, payable on March 15, 2018, to shareowners of record at the close of business on March 5, 2018. The ex-dividend date is March 2, 2018. This is the 373rd dividend that Kellogg Company has paid to owners of common stock since 1925.

(PRNewsfoto/Kellogg Company)

About Kellogg Company

At Kellogg Company (NYSE: K), we strive to enrich and delight the world through foods and brands that matter. Our beloved brands include *Pringles®, Cheez-It®, Keebler®, Special K®, Kellogg's Frosted Flakes®, Pop-Tarts®, Kellogg's Corn Flakes®, Rice Krispies®, Eggo®, Mini-Wheats®*, *Kashi®*, *RXBAR®* and more. Net sales in 2017 were approximately $13 billion, comprised principally of snacks and convenience foods like cereal and frozen foods. Kellogg brands are beloved in markets around the world. We are also a company with Heart & Soul, committed to creating three billion Better Days by 2025 through our Breakfasts for Better Days global purpose platform. Visit www.KelloggCompany.com or www.OpenforBreakfast.com.

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View original content with multimedia:http://www.prnewswire.com/news-releases/kellogg-company-declares-regular-dividend-of-054-per-share-300600132.html

SOURCE Kellogg Company

KELLOGG COMPANY NAMED ONE OF THE 2018 WORLD'S MOST ETHICAL COMPANIES® BY THE ETHISPHERE INSTITUTE FOR THE 10TH TIME

February 14, 2018

Recognition honors those who operate with purpose and incorporate integrity into their ecosystems.

BATTLE CREEK, Mich., Feb. 14, 2018 /PRNewswire/ -- Kellogg Company has been recognized as one of the 2018 World's Most Ethical Companies by the Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices.

Kellogg Company logo (PRNewsFoto/Kellogg Company)

This marks the 10th year Kellogg has been recognized in the Food, Beverage and Agriculture category, and the Company is one of only six honorees in the category this year – underscoring Kellogg's commitment to leading with integrity and prioritizing ethical business practices.

In 2018, 135 honorees were recognized, spanning 24 countries and 57 industries. The twelfth class of honorees had record levels of involvement with their stakeholders and their communities around the world. Measuring and improving culture, leading authentically and committing to transparency, diversity and inclusion were all priorities for honorees.

"At Kellogg, we are honored to receive this award in recognition of our ongoing commitment to being an ethical business," said Steve Cahillane, CEO, Kellogg Company. "We have always focused on doing business the right way, using our K Values and our Global Code of Ethics to guide us with integrity and leadership on our path to success."

"While the discourse around the world changed profoundly in 2017, a stronger voice emerged. Global corporations operating with a common rule of law are now society's strongest force to improve the human condition. This year we saw companies increasingly finding their voice. The World's Most Ethical Companies in particular continued to show exemplary leadership," explained Ethisphere's CEO, Timothy Erblich. "I congratulate everyone at Kellogg for being recognized as one of the World's Most Ethical Companies."

Ethics & Performance
Once again, the 2018 World's Most Ethical Companies have proven that operating with integrity leads to greater financial performance. Research has found that, when indexed, listed World's Most Ethical Companies outperformed the U.S. Large Cap Index over five years by 10.72 percent and over three years by 4.88 percent. Ethisphere refers to this as the *Ethics Premium*.

Methodology & Scoring
The World's Most Ethical Companies assessment is based upon the Ethisphere Institute's Ethics Quotient® (EQ) framework, which offers a quantitative way to assess a company's performance in an objective, consistent and standardized manner. The information collected provides a comprehensive sampling of definitive criteria of core competencies rather than all aspects of corporate governance, risk, sustainability, compliance and ethics.

Scores are generated in five key categories: ethics and compliance program (35 percent), corporate citizenship and responsibility (20 percent), culture of ethics (20 percent), governance (15 percent) and leadership, innovation and reputation (10 percent). All companies that participate in the assessment process receive their scores, providing them with valuable insights into how they stack up against leading organizations.

Honorees

The full list of the 2018 World's Most Ethical Companies can be found at https://worldsmostethicalcompanies.com/honorees

Best practices and insights from the 2018 honorees will be released in a report and webcast in March and April of this year. Sign up to receive the report.

About Kellogg Company

At Kellogg Company (NYSE: K), we are driven to enrich and delight the world through foods and brands that matter. With 2016 sales of more than $13 billion, Kellogg is the world's leading cereal company; second largest producer of cookies and crackers; a leading producer of savory snacks; and a leading North American frozen foods company. Every day, our well-loved brands nourish families so they can flourish and thrive. These brands include Kellogg's®, Keebler®, Special K®, Pringles®, Kellogg's Frosted Flakes®, Pop-Tarts®, Kellogg's Corn Flakes®, Rice Krispies®, Kashi®, Cheez-It®, Eggo®, Coco Pops®, Mini-Wheats®, and many more. To learn more about our responsible business leadership, foods that delight and how we strive to make a difference in our communities around the world, visit www.kelloggcompany.com.

About the Ethisphere Institute
The Ethisphere® Institute is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success. Ethisphere has deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance corporate character and measure and improve culture. Ethisphere honors superior achievement through its World's Most Ethical Companies recognition program and provides a community of industry experts with the Business Ethics Leadership Alliance (BELA). More information about Ethisphere can be found at: https://ethisphere.com.

View original content with multimedia:http://www.prnewswire.com/news-releases/kellogg-company-named-one-of-the-2018-worlds-most-ethical-companies-by-the-ethisphere-institute-for-the-10th-time-300598700.html

SOURCE Kellogg Company

KELLOGG COMPANY REPORTS 2017 FOURTH QUARTER RESULTS

February 08, 2018

BATTLE CREEK, Mich., Feb. 8, 2018 /PRNewswire/ -- Kellogg Company (NYSE: K) today published its 2017 fourth quarter earnings results in documents posted to the company website at http://investor.kelloggs.com/financials. Documents immediately available include: the financial press release and tables, GAAP reconciliations, and presentation slides.

A Current Report on Form 8-K was filed with the U.S. Securities and Exchange Commission and is available on its website at www.sec.gov.

The company will also host a public conference call / webcast during which Kellogg executive management will review and discuss these results. Speaking on behalf of Kellogg Company will be Steve Cahillane, Chief Executive Officer and Fareed Khan, Chief Financial Officer. A question and answer session with analysts and investors will follow.

Live Conference Call	
Date:	Thursday, February 8, 2018
Time:	9:30 am – 10:30 am EST
Teleconference Number:	(855) 209-8258 in the U.S.
	(412) 542-4104 outside the U.S.
	Dial-in available beginning at 9:15 am EST, no access code needed.
Presentation Slides:	Printable slides available at approximately 8:00 am EST on Thursday,
	February 8 at http://investor.kelloggs.com.
Webcast:	Live audio webcast with or without slides is available at
	http://investor.kelloggs.com.
Participation by the press in the live Q&A session is in a listen-only mode.	
Rebroadcast	
Webcast:	Available beginning at 1:00 pm EST Thursday, February 8, and for at
	least 90 days thereafter at http://investor.kelloggs.com.
Podcast:	MP3 audio file (podcast) available for download beginning at about 1:00 pm
	EST on Thursday, February 8, at http://investor.kelloggs.com.
Telephonic:	Available beginning at 1:30 pm EST Thursday, February 8, until Thursday, February 15, 2018.
	(877) 344-7529 in the U.S., access code # 10114272
	(412) 317-0088 outside the U.S., access code # 10114272

About Kellogg Company

At Kellogg Company (NYSE: K), we are driven to enrich and delight the world through foods and brands that matter. With 2017 of $13 billion, Kellogg is the world's leading cereal company; second largest producer of cookies and crackers; a leading producer of savory snacks; and a leading North American frozen foods company. Every day, our well-loved brands nourish families so they can flourish and thrive. These brands include Kellogg's®, Keebler®, Special K®, Pringles®, Kellogg's Frosted Flakes®, Pop-Tarts®, Kellogg's Corn Flakes®, Rice Krispies®, Kashi®, Cheez-It®, Eggo®, Coco Pops®, Mini-Wheats®, and many more. To learn more about our responsible business leadership, foods that delight and how we strive to make a difference in our communities around the world, visit www.kelloggcompany.com.

K-FIN

View original content with multimedia:http://www.prnewswire.com/news-releases/kellogg-company-reports-2017-fourth-quarter-results-300595163.html

SOURCE Kellogg Company

News Run

Kellogg
Source, Factiva. Last six months

Brazil: Kellogg launches expansion of Parati plant in Santa Catarina

M-Brain
218 words
19 April 2018
Esmerk Latin American News
ESMKLA
English

Valor Economico, 19 Apr 2018, online:- Steve Cahillane, global president of US food company **Kellogg**, has confirmed that the company is analysing opportunities to strengthen its operations in Latin America. As such the company could carry out new acquisitions in the region as part of its international expansion plan. The biggest acquisition in the region so far was the Parati biscuit producer in Brazil in 2016, at a value of BRL 1.38bn (EUR 326.71mn USD 403.28mn). **Kellogg** officially launched the expansion work for the company's plant in Sao Lourenco do Oeste, Santa Catarina, on 18 April 2018. **Kellogg** is to invest some BRL 215mn in the expansion, which will add a further 22,850 square metres to the factory that currently has 78,000 square metres of constructed area, and allow for increased production of biscuits, cereal bars, cereals and pasta at the unit, in addition to the launch of new product lines.

The expansion is expected to be in operation in 2019, and will create 200 new jobs for the region. The factory currently supplies both the domestic market and other countries in South America. Parati's net sales stood at USD 203mn in 2017, whilst operational profit reached USD 25mn.

Document ESMKLA0020180420ee4j0001l

Business and Autos
Kellogg brings Unicorn to U.S.

By Natasha Blakely Battle Creek Enquirer
280 words
21 March 2018

Detroit Free Press
DFP
1; E
A9
English

Eating unicorn has become a lot easier than spotting one, thanks to the **Kellogg** Co.

Months after unicorn-themed everything started giving way to mermaid-themed items, **Kellogg** has introduced its Unicorn Cereal to the American market.

The cereal has been available in stores nationwide as part of a limited-edition run since the start of March. Think of it as a way to get trendy photos of unicorn-themed food onto your social media accounts without the fuss of laborious cookie recipes or the expense of specialty coffee.

As Unicorn Froot Loops, the cereal has been available in Germany since July and in the United Kingdom since September.

"The cereal drove significant excitement, and there continues to be an increase in unicorn food and products in the U.S., so we launched Kellogg's Unicorn cereal," said Chris Stolsky, associate director of morning foods marketing at Kellogg.

But, while the cereal technically debuted in Europe first, the version available in the U.S. is a vastly different product.

The European cereal is a variation of Froot Loops. It tastes different from the U.S. Unicorn Cereal and is differently colored, despite the similarities in the packaging.

U.S. Unicorn Cereal has blue loops instead of yellow and has "white, sparkly crunchlets" that "bring an extra dose of magic to the breakfast table," Stolsky said.

The flavor of the U.S. Unicorn Cereal is "magic cupcake," which tastes a lot like vanilla cupcake. Early 2018 seems to be unicorn season for cereal. Last month, General Mills introduced a unicorn marshmallow to its Lucky Charms lineup.

Document DFP0000020180321ee3l00009

09:49 EDT Rumor: Kellogg goes positive amid renewed takeover chatter

22 words
9 March 2018
Theflyonthewall.com
FLYWAL
English

09:49 EDT Rumor: **Kellogg** goes positive amid renewed takeover chatter

Document FLYWAL0020180309ee390096l

BRIEF- Kellogg Says Board Approved 2018-2020 Executive Performance Plan

46 words
23 February 2018
03:30
Reuters News
LBA
English

Feb 22 (Reuters) - **Kellogg** Co:

* **KELLOGG** SAYS COMPENSATION & TALENT MANAGEMENT COMMITTEE OF BOARD APPROVED 2018-2020 EXECUTIVE PERFORMANCE PLAN - SEC FILING Source: (http://bit.ly/2Cc4Fuc) Further company coverage:

Released: 2018-2-22T23:00:06.000Z

Document LBA0000020180222ee2m00x8w

News
Kellogg sued over Pringles salt and vinegar chips

By Natasha Blakely Battle Creek Enquirer
419 words
7 March 2018
Battle Creek Enquirer
BATL
1; BCE
A1
English

San Diego County residents Barry and Mandy Allred are suing **Kellogg** Co. over its salt and vinegar Pringles chips, claiming the packaging doesn't clearly indicate that artificial flavoring is used in the snack.

The package gives "the impression (consumers) are buying a premium 'all natural' product with natural flavoring ingredients, instead of an artificially flavored product," the couple said in their complaint.

The Allreds have bought the product "multiple times annually since at least 2012" but only discovered the alleged false advertising in December 2016.

They first filed the class-action suit in San Diego County Superior Court on May 11. Kellogg accepted the complaint on June 6. The case was moved to the U.S. District Court Southern District of California on July 5. The Allreds claim that the vinegar in the product is too small an amount to actually flavor the chips and that sodium diacetate and malic acid are used to mimic the vinegar flavor customers are looking for.

"For our clients, having natural products is important to them, and if anything has artificial ingredients, it should be disclosed on the front or package of the bottle," said Ronald Marron, one of the attorneys representing the Allreds.

"If you have a choice to buy chips with real vinegar or malic acid, which would you prefer," he added. "Would you be willing to pay more for that vinegar?"

Kellogg's attempt to have the complaint dismissed was denied by the court on Feb. 23.

"Cereal companies like Kellogg and other food companies are getting more aware that people want to choose healthier food, so I think as a result of these lawsuits they're getting better," Marron said. "Lawsuits like this convey a public benefit because it helps modify the behavior of these corporate titans. The FDA is not doing it."

The goal of the Allreds is for the labeling on the chips to be changed and for people to be reimbursed for the "premium they pay for these products that they wouldn't have paid if they'd known it wasn't naturally flavored," Marron said.

Kellogg Co. media relations responded to inquiries only to say that "Kellogg does not comment on pending litigation."

This is not the only potato chip-related litigation the Allreds are pursuing. They filed a similar suit against Frito-Lay, Inc. over its Lay's salt and vinegar potato chips. That case is also ongoing.

Document BATL000020180307ee3700033

Kellogg affirms 2018 guidance and plan, including 2018 adjusted EPS up 9%-11%

115 words
21 February 2018
Theflyonthewall.com
FLYWAL
English

In slides being presented at CAGNY, **Kellogg** affirmed its 2018 guidance calling for adjusted EPS up 9%-11%, net sales about flat, adjusted operating profit up 4%-6% and cash flow of $1.2B-$1.3B. The company also affirmed its 2018 plan, in which it will complete several strategic transactions, including Project K initiatives, increase brand investment, integrate and grow acquired business, invest to grow JVs and incorporate U.S. tax reform. Long-term, **Kellogg** sees adjusted EPS up 6%-8%, net sales up 1%-3%, adjusted operating profit up 4%-6%, dividend yield 2%-3%, total shareowner return 8%-11%.

Document FLYWAL0020180221ee2l0048t

BRIEF- Kellogg Company Declares Regular Dividend Of $0.54 Per Share

40 words
17 February 2018
01:20
Reuters News
LBA
English

Feb 16 (Reuters) - **Kellogg** Co:

* **KELLOGG** COMPANY DECLARES REGULAR DIVIDEND OF $0.54 PER SHARE Source text for Eikon: Further company coverage:

Released: 2018-2-16T20:50:31.000Z

Document LBA0000020180216ee2g00u95

BRIEF- Kellogg Announces Retirement Of Paul Norman - SEC Filing

87 words
17 February 2018
01:07
Reuters News
LBA
English

Feb 16 (Reuters) - **Kellogg** Co:

* **KELLOGG** CO SAYS ON FEB 16, CO ANNOUNCED THAT PAUL NORMAN WOULD BE RETIRING FROM CO TO PURSUE OTHER OPPORTUNITIES - SEC FILING

* SAYS NORMAN WILL REMAIN WITH CO THROUGH APRIL 1, TO ASSIST CO WITH TRANSITIONING KELLOGG NORTH AMERICA BUSINESS IN ORDERLY MANNER

* SAYS UNTIL NORMAN'S SUCCESSOR IS NAMED, KELLOGG NORTH AMERICA BUSINESS WILL

REPORT DIRECTLY TO STEVE CAHILLANE Source : (http://bit.ly/2CrvXbz) Further company coverage:

Released: 2018-2-16T20:37:23.000Z

Document LBA0000020180216ee2g00tki

BRIEF- Kellogg Company Qtrly Earnings Per Share $1.23

190 words
8 February 2018
18:52
Reuters News
LBA
English

Feb 8 (Reuters) - **Kellogg** Co:

* MPANY REPORTS 2017 FOURTH QUARTER RESULTS

* QTRLY EARNINGS PER SHARE $1.23

* QTRLY ADJUSTED EARNINGS PER SHARE $0.96

* ISSUED GUIDANCE FOR 2018, INCLUDING FLAT NET SALES ON A CURRENCY-NEUTRAL BASIS

* QTRLY REPORTED NET SALES $3.21 BILLION VERSUS $3.10 BILLION

* SEES 2018 ADJUSTED OPERATING PROFIT GROWTH OF +4-6% ON A CURRENCY-NEUTRAL BASIS

* Q4 EARNINGS PER SHARE VIEW $0.96, REVENUE VIEW $3.09 BILLION -- THOMSON REUTERS I/B/E/S

* SEES 2018 ADJUSTED EARNINGS PER SHARE GROWTH OF 9-11% ON A CURRENCY-NEUTRAL BASIS

* QTRLY U.S. MORNING FOODS REPORTED NET SALES $670 MILLION VERSUS $704 MLN

* QTRLY U.S. SNACKS REPORTED NET SALES $723 MILLION VERSUS $767 MLN

* QTRLY CURRENCY-NEUTRAL COMPARABLE DILUTED EARNINGS PER SHARE $ 0.94

* PROJECTS CASH FROM OPERATING ACTIVITIES TO INCREASE TO $1.7-1.8 BILLION IN 2018

* WITH CAPITAL EXPENDITURE REMAINING ROUGHLY FLAT AT $0.5 BILLION, IMPLIES CASH FLOW OF $1.2-1.3 BILLION IN 2018 Source text for Eikon: Further company coverage:

Released: 2018-2-8T14:22:26.000Z

Document LBA0000020180208ee2800iuh

BRIEF- Kellogg Says Co Entered Into Unsecured 5-Year Credit Agreement

124 words
2 February 2018
20:09
Reuters News
LBA
English

Feb 2 (Reuters) - **Kellogg** Co:

* **KELLOGG** SAYS ON JAN 30, CO ENTERED INTO UNSECURED 5-YEAR CREDIT AGREEMENT DATED AS OF JAN 30, 2018 - SEC FILING

* KELLOGG - IN CONNECTION WITH ENTERING INTO NEW CREDIT FACILITY, CO TERMINATED EXISTING FIVE-YEAR CREDIT AGREEMENT DATED AS OF FEB 28, 2014

* KELLOGG CO - NEW FIVE-YEAR CREDIT FACILITY ALLOWS CO TO BORROW, ON A REVOLVING CREDIT BASIS UP TO US $1.5 BILLION

* KELLOGG-ALSO ENTERED INTO UNSECURED 364-DAY CREDIT AGREEMENT DATED AS OF JAN 30; FACILITY ALLOWS CO TO BORROW, ON REVOLVING CREDIT BASIS UP TO $1 BILLION Source text : (http://bit.ly/2GFp6Pf) Further company coverage:

Released: 2018-2-2T15:39:42.000Z

Document LBA0000020180202ee2200jdw

News
Adventists suing Kellogg 's for discrimination

By Natasha Blakely   Battle Creek Enquirer
448 words
21 January 2018
Battle Creek Enquirer
BATL
1; BCE
A4
English

Two members of the Seventh-day Adventist Church who are suing **Kellogg** Co. for religious discrimination have won the right to continue their lawsuit.

Richard Tabura and Guadalupe Diaz worked for a **Kellogg** Co. plant in Utah. A change in work schedule for the plant in 2011 meant that all employees had to work roughly two Saturdays a month. Because Seventh-day Adventists observe the Sabbath from sunset on Fridays to sunset on Saturdays, it was a conflict for Tabura and Diaz.

Paid time off was not enough to cover their absences and they could not always find coworkers to take their shifts.

Kellogg Co. issued points to employees for late clock-ins, early departures and unannounced absences. Tabura and Diaz both accumulated enough points by 2012 that it resulted in the two getting fired. The two decided to sue Kellogg Co. for violating Title VII of the Civil Rights Act.

In a case before the United States District Court for the District of Utah, Kellogg Co. claimed to have satisfied its duty to accommodate the religious requirements of the two employees and that the termination was unrelated to religious discrimination.

Tabura and Diaz initially lost when they brought the case before the U.S. District Court in July 2016. The court ruled that Kellogg Co. made reasonable accommodations and anything further would have resulted in undue hardship for the company. But the U.S. Court of Appeals for the Tenth Circuit in Denver reversed that decision on Wednesday.

The conclusion of the appellate court was that, while Kellogg should not have been granted the win, there was insufficient evidence to rule in favor of Tabura and Diaz, which is why the case is being returned to the district court for further deliberation.

"The Seventh-day Adventist church is pleased with this watershed decision upholding the critically important right of Americans to adhere to their religious beliefs in the workplace," Todd McFarland, associate general counsel for the Seventh-day Adventist church, said in a press release.

Kris Charles, Kellogg Co. spokesperson, said only that "we don't comment on pending litigation."

Though the case is happening on the other side of the country, it has specific resonances with Battle Creek's history.

The movement that became the Seventh-day Adventist Church started in the 1840s, but the church itself was officially organized in Battle Creek in 1863.

Not to mention that John Harvey Kellogg and W.K. Kellogg were Seventh-day Adventists.

W.K. Kellogg, of course, went on to found Kellogg Co.

Contact Natasha Blakely at (269) 223-0114 or nblakely@battlecreekenquirer.com.

Document BATL000020180121ee1l0005q

BRIEF- Kellogg Board Of Directors Has Approved A Share Repurchase Authorization Of Up To $1.5 Bln

76 words
16 December 2017
03:08
Reuters News
LBA
English

Dec 15 (Reuters) - **Kellogg** Co:

* **KELLOGG** COMPANY ANNOUNCES SHARE REPURCHASE AUTHORIZATION

* KELLOGG CO - BOARD OF DIRECTORS HAS APPROVED A SHARE REPURCHASE AUTHORIZATION OF UP TO $1.5 BILLION

* KELLOGG - UNDER NEW AUTHORIZATION, CO MAY BUY BACK SHARES FROM JAN. 1, 2018, THROUGH DEC. 31, 2019 Source text for Eikon: Further company coverage:

Released: 2017-12-15T22:38:59.000Z

Document LBA0000020171215edcf00yyu

Kellogg 's 5,000-Square-Foot Cafe In NYC's Union Square Gets Press

787 words
13 December 2017
18:26
MediaPost.com
MPC
English

Kellogg's expanded eatery for "reimagining a bowl of cereal" is set to open across from the north end of New York's Union Square Park tomorrow, and its communications team can raise a latte to itself for the effusive — even enticing — advance coverage.

"If you've ever thought that taking a quick coffee break, powering through a work project, or just catching up with a friend would be better over a bowl of cereal, **Kellogg**'s NYC's new Union Square location is the casual hangout spot of your breakfast-loving dreams," writes Adam Campbell-Schmitt for Food&Wine.

"… The airy, second-floor space overlooking Union Square is the sequel to a Times Square location that saw cereal fans dropping by for a quick bowl. But this new space aims to turn that fast-paced concept on its head with a focus on chilling out and playing with your food," Campbell-Schmitt continues.

In other words — and as is increasingly becoming a retail rallying cry including Amazon's bricks-and-mortar bookstores and Apple's "town squares" concept — the company wants you to forget about those Venti Caramel Frappuccinos® you've been nursing at another chain and view its space as the third place in your life.

"At the 5,000-square-foot space, customers can enjoy their cereal with toppings that range from candied kumquats to rum-roasted bananas to peanut-butter chips. The seating speaks to a similar break-the-mold approach, with options that include couches, bean-bag chairs and even hammocks. And in case all that isn't enough to capture a diner's attention, the cafe will offer Nintendo, board games and free Wi-Fi," writes Charles Passy for the Wall Street Journal.

"Ultimately, the cafe is about pushing cereal 'forward to the modern age,'" Aleta Chase, a Kellogg marketing executive, tells him.

Kellogg's first venture in the Big Apple targeting Millennnials and their Instagram accounts — a 1,000-square-foot café in Times Square — opened in July 2016, as Marketing Daily's Karlene Lubovitz reported, and closed this summer.

"The cafe is operated by Sandra Di Capua and Anthony Rudolf, two fine-dining veterans who have worked at New York institutions such as Per Se and Eleven Madison Park. They said a flexible lease in Times Square, where the rent was roughly equivalent to a much larger space on East 17th Street, allowed for the relocation," reports Craig Giammona for Bloomberg.

"And while Kellogg sees the restaurant mainly as a marketing tool, the operators are trying to make money off the concept. The Times Square location was profitable, showing it can be done.

"It has to be a viable business," Rudolf tells Giammona.

Kellogg is also highlighting a partnership with "famous author, foodie/entertainer, lifestyle expert and designer" Lauren Conrad, who created part of the menu at the new venue.

"Cereal is something we've all grown up with and still enjoy. It's been exciting to explore the unexpected fun it brings to the table — or in this case, the bowl," she says in the press release promoting the partnership and alerting media to preview opportunities yesterday and today.

"They are bringing back some favorite recipes from the first Café, some new additions, and Kellogg's fans will also get a chance to experience Lauren Conrad's inventive, cereal-inspired recipes," writes Evan Lancaster in a piece for Huffington Post.

"Some of the notable menu items that are already popping up on Instagram include the 'Bananas Foster' bowl, made with Special K and Frosted Flakes, rum-roasted bananas, cajeta and candied cashews," he reports. "Don't miss out on 'Kumquat Life' with Chocolate Frosted Flakes™ and caramelized kumquats, or 'Christmas Morning' with Frosted Mini-Wheats®, cinnamon roll bits & toasted marshmallow."

There are pictures, in the event you're having trouble visualizing these gustatory delights.

That's no accident.

"The café was designed with social media in mind. Every corner of the space is Instagram-worthy, with the hopes that cereal bowls will make their way to visitors' pages, Azalea Pena blogs for PSFK. And it has "Instagram station with props and professional lighting, designed to help customers perfect their social-media posts," Bloomberg's Giammona tells us.

On the glum side, The WSJ's Passy reminds us of the "stark reality" the cereal industry is facing as a whole: folks are turning to what they perceive as healthier options for breakfast.

"In the past year alone, Kellogg has seen quarterly sales in its 'morning-foods' segment, which includes popular cereal brands Froot Loops and Rice Krispies, decline by 3% to $710 million," he writes.

Document MPC0000020171213edcd0002u

News
Tsoumas named board chair for Kellogg Foundation

By BATTLE CREEK ENQUIRER
294 words
9 December 2017
Battle Creek Enquirer
BATL
1; BCE
A3
English

Richard M. Tsoumas of Battle Creek was named the new board chair for the W.K. **Kellogg** Foundation. It was announced at Thursday's annual meeting. Tsoumas replaces Ramón Murguía of Kansas City in January and he'll hold the position for a year.

"Rick is the epitome of a servant leader who brings extensive business, civic and philanthropic experience to his role as board chair," La June Montgomery Tabron, president and CEO of the foundation, said in a press release. "His commitment and enthusiasm for Mr. **Kellogg**'s hometown, and his service as a trustee of this foundation, speak to his dedication for improving the lives of children and families here in Battle Creek and in all the communities we serve."

Tsoumas has been on the board since 2009. He is president and CEO of a wealth-based management practice, The Planning Group, based in Battle Creek. Tsoumas founded the company in 1999. His previous work experience includes tax and financial planning with Price Waterhouse and the Kellogg Company.

He has served on several boards in the Battle Creek area.

The foundation's trustees will be Celeste A. Clark of Battle Creek; Khan Nedd of Grand Rapids; Cynthia H. Milligan of Omaha; Roderick D. Gillum of Bloomfield Hills; Cathann Kress of Columbus; Ramón Murguía of Kansas City; La June Montgomery Tabron of Battle Creek; and board chair Richard M. Tsoumas of Battle Creek.

Re-elected foundation officers are La June Montgomery Tabron, president and CEO; Kathryn A. Krecke, general counsel and corporate secretary; Carla D. Thompson, vice president for program strategy; Donald G. Williamson, vice president for finance and treasurer; and Joel Wittenberg, vice president and chief investment officer.

Rick Tsoumas

Document BATL000020171209edc900031

News, Biz&Company
Korea's Nongshim Kellogg to manage Kellogg 's Hong Kong, Taiwan operations

Lee Hee-soo and Cho Jeehyun
344 words
23 November 2017
Maeil Business Newspaper
MAEIL
English

Nongshim **Kellogg**, a joint venture between South Korean processed food manufacturer Nongshim and global food giant **Kellogg** Company, will oversee **Kellogg**'s Hong Kong and Taiwan operations starting January next year.

Han Jong-gap, chief executive officer of Nongshim **Kellogg**, will also spearhead the Hong Kong and Taiwan offices, according to food industry sources on Wednesday.

The latest change is part of Kellogg's push to expand its reach in the fast-growing Asia Pacific food market in recent years. The region delivered mere $700 million revenue in 2011, and the figure more than doubled to $1.3 billion this year thanks to changing dietary habits in Asian countries preferring simple cereal or bread for breakfast amid the growing number of single-person households and working women.

The cereal giant currently runs 13 operations across the Asia-Pacific region, and the Korean market run by Nongshim Kellogg has registered the second-fastest growth with revenue jumping more than 10 percent annually over the past three years, outpacing an annual average growth rate of around 2 percent in the region.

Market experts attribute Nongshim Kellogg's rapid growth to its timely launch of granola cereal in 2015 when the wellbeing boom hit Korea followed by another successful introduction of energy bars and single-serve cereal products targeting one-person households in 2016.

After having seen Nongshim Kellogg's stellar performance, Kellogg's global head office reportedly decided to place its Hong Kong and Taiwan operations under the Korean office's management with a hope to repeat the its success in the two other Asian markets.

For now, Hong Kong's cereal market is already saturated due to early introduction of westernized eating habits. But the cereal market in Taiwan is fast growing now with a sharp rise in the number of single-person households and female workers searching for quick and easy breakfast options.

Click here to view image

Click here to view image

Document MAEIL00020171123edbn0008e

BRIEF- Kellogg files for potential senior notes due 2027, size undisclosed

46 words
7 November 2017
19:09
Reuters News
LBA
English

Nov 7 (Reuters) - **Kellogg** Co

* **Kellogg** Co files for potential senior notes due 2027, size not disclosed - SEC filing Source text: (http://bit.ly/2zkvfzs) Further company coverage:

Released: 2017-11-7T14:39:55.000Z

Document LBA0000020171107edb700j52

BRIEF- Kellogg declares regular dividend of $0.54 per share

39 words
20 October 2017
20:24
Reuters News

LBA
English

Oct 20 (Reuters) - **Kellogg** Co:

* **Kellogg** Company declares regular dividend of $0.54 per share Source text for Eikon: Further company coverage:

Released: 2017-10-20T15:54:02.000Z

Document LBA0000020171020edak00ku3

Earning Estimates

Date

Target Currency: Local

K-USA
Kellogg Company
Consumer Non-Durables

Reported Currency	**USD**
Price	**62.20**
Market Val	**21557.96**

FACTSET CONSENSUS

SALES	12/2018	12/2019	12/2020	12/2021	12/2022
FACTSET Consensus (Mean)	12995.97	13131.72	13299.62	13447.00	13581.00
FACTSET Consensus (Median)	13025.50	13131.00	13441.00	13447.00	13581.00

EBITDA	12/2018	12/2019	12/2020	12/2021	12/2022
FACTSET Consensus (Mean)	2664.73	2735.25	2791.26	2951.00	3024.00
FACTSET Consensus (Median)	2699.70	2769.80	2842.81	2951.00	3024.00

EBIT	12/2018	12/2019	12/2020	12/2021	12/2022
FACTSET Consensus (Mean)	2117.47	2186.05	2210.86	2165.00	2230.00
FACTSET Consensus (Median)	2020.40	2108.05	2182.18	2165.00	2230.00

NET INCOME	12/2018	12/2019	12/2020	12/2021	12/2022
FACTSET Consensus (Mean)	1539.85	1602.08	1649.30	1717.00	1774.00
FACTSET Consensus (Median)	1545.28	1613.00	1645.00	1717.00	1774.00

EPS	12/2018	12/2019	12/2020	12/2021	12/2022
FACTSET Consensus (Mean)	4.44	4.69	4.87	5.20	5.46
FACTSET Consensus (Median)	4.45	4.73	4.91	5.20	5.46

CAPEX	12/2018	12/2019	12/2020	12/2021	12/2022
FACTSET Consensus (Mean)	507.41	493.71	502.63	#VALUE!	#VALUE!
FACTSET Consensus (Median)	501.50	502.00	500.00	#VALUE!	#VALUE!

DIVIDEND PER SHARE	12/2018	12/2019	12/2020	12/2021	12/2022
FACTSET Consensus (Mean)	2.24	2.34	2.50	#VALUE!	#VALUE!
FACTSET Consensus (Median)	2.22	2.33	2.48	#VALUE!	#VALUE!

NAVPS	12/2018	12/2019	12/2020	12/2021	12/2022
FACTSET Consensus (Mean)	-	-	-	-	-
FACTSET Consensus (Median)	-	-	-	-	-

BOOK VALUE PER SHARE	12/2018	12/2019	12/2020	12/2021	12/2022
FACTSET Consensus (Mean)	7.07	8.70	10.93	-	-
FACTSET Consensus (Median)	6.72	8.47	9.81	-	-

Equity Research Reports

Consumer

RAISING PRICE TARGET

SIG SUSQUEHANNA FINANCIAL GROUP, LLLP

Kellogg Company

Symbol	K
Rating	Neutral
Price	$70.25
Price target	From $68.00 to $75.00
Downside/ Upside risk	$47.00
Risk	Downside Risk

Company market data

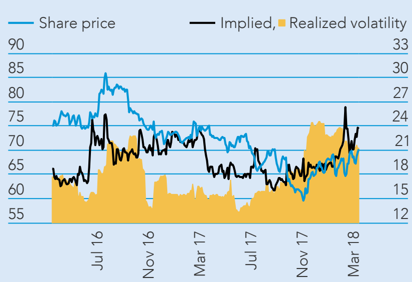
52 week range	$75.31-$58.76
Shares out.	346.591mm
Market cap.	$24,348mm
Average daily trading volume	3,079,091
Beta	0.60
PT Upside/Downside ratio:	0.20:1

Calendar year December

	2017		2018e
EPS (SFG)	Actual	Prior	Current
Q1	1.06	1.06	1.08
Q2	0.97	1.11	1.16
Q3	1.05	1.19	1.17
Q4	0.96		1.09
FY EPS (SFG)	4.04	4.45	4.50
Consensus	4.04	4.32	4.45
Sales (SFG)	12,667	12,723	13,153
Consensus: Sales	12,667	12,815	12,983
EBIT (SFG)	2,144	2,239	2,260
Consensus: EBIT	2,144	2,224	2,115
P/E	16.4		14.1
EV/EBITDA (x)	7.1		7.0
Div Yld (%)	3.2		3.2

Derivatives

Volume (contracts)	3,298
Skew rank (2yr %-tile)	94.04



Kellogg Company: Notes from SFG Call with CFO Fareed Khan

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Call to action

We hosted a call with Kellogg CFO Fareed Khan last week. Notes follow.

HIGHLIGHTS

Summary:

- K top-line guidance for this year seems unexciting, but may be conservative, and points to growth driven by snacks globally, the emerging markets footprint, stabilization of RTE cereal in UK/Canada/Australia, and less of a decline in US cereal.
- Bolt-on deals like RXBAR may provide interesting growth platforms. K also has the potential to do more in instant consumables snack formats. The company is also past the retail disruptions in WE, and has completed the DSD exit in the US.
- New CEO Steve Cahillane has guided for a better balance between top-line and bottom-line trends, which may help sentiment.
- We continue to think food stocks represent value, having massively underperformed within the consumer staples group in the last 12 months (S5CONS -1%: Beverages +11%, Food retailers +8%, HPC -5%, Food -11%) on the market's assumption they will lose out amid the changing food retail landscape.

Continued on the next page

Catalysts

Negative: K forced to promote to protect share. Positive: Innovation driving share gains; evidence of sustainable growth in the international business; cost savings and strengthened brand equities; a deal to break up the company.

Downside or Upside risk

Taking the five-year-low P/E of 13.3x on a no-growth EPS scenario of $3.53 (FY15 base) would imply a downside risk of $47.

HIGHLIGHTS

Continued from previous page

- Re the six large-cap food stocks that we cover, on consensus and ex net cash when applicable, K, SJM, and GIS trade at 15x CY19 EPS (including amortization in EPS), KHC and MDLZ at 16.5x, and HSY at 17.5x; the current 1yF for S5CONS is 18x.

- On our tax-adjusted EV/EBITDA method, GIS is the most discounted vs. the S5CONS average at -17% (SJM -14%, K -11%).

- In large-cap food we only rate SJM Positive at present, but think the group deserves more attention with FCF yields of ~6%.

- We rate K Neutral but are increasing our December '18 price target to $75 from $68, as we now only take a 15% peer discount on tax-adjusted EBITDA vs. 20% before, given what we think is improved strategic momentum (the P/E is equivalent to 15.7x CY19 EPS).

- Notes from our call with Kellogg CFO Fareed Kahn follow (a transcript of the call is available upon request).

Overview. CFO Khan started by giving a brief recap of K's 2017 performance, 2018 outlook and important strategic highlights.

- 2017 was a very solid year with significant strategic moves. Top line was down but margin expansion was strong and there was sequential improvement in the top line. DSD brought 200bp headwind.

- 2018 guidance points to flattish top line, 4-6% EBIT growth and 9-11% EPS growth.

- Transition out of DSD has been cost efficient. The company expects 400-600bp cumulative margin improvement in U.S. snacks and will use the savings to invest in brand-building activities.

- M&A. RXBAR is a good platform for growth. Brazil had a full-year impact of Parati acquisition. The acquisition model was to build scale for a relevant local brand with mid-market offerings, and is similar to the K's models in Nigeria, Egypt and Russia.

- Cost initiatives. Project K is now two-thirds the way through. ZBB continues to have good impacts.

Delving into U.S. businesses and sales trends.

- **U.S. Cereal.** The company doesn't feel obliged to get cereal to grow +1-2% to get the total guided top-line growth. But they don't see shelf space for cereal decline either.

    - Big-picture view is that cereal's four core markets (U.S., Canada, UK and Australia) are all highly penetrated, have high consumption, and are developed markets. They share similar consumer trends. K's performance is stable in three of the four markets, and has been able to get individual brands back to growth if it is on trend.

    - In UK, Corn Flakes was brought into social media to remind people of the natural ingredients, driving brand growth.

    - In the U.S., challenges were around Special K, which was strongly positioned around weight loss and used to grow for five to seven years but now needs to reposition. Actually there is recent data showing it back in growth. Although turning a platform with so many SKUs back to growth takes time, the company already sees signs of stabilization.

    - A recent trend is to have prebiotics and probiotics.

  - Category outlook. Although there were questions on cereal shelf space, the company doesn't see space diminishing as it is a profitable category for retailers. They do see shelf display getting more creative, such as placing granola near yogurt to drive a category lift. Overall, there is no systematic trend de-emphasizing the category.

  - Other notable highlights:

    - Natural/organic trend. The company has been removing artificials and simplifying ingredients and using more visible parts in a program for Kashi, and has helped farmers to transit from non-organic to organic.

    - International trends. Doing small acquisitions on super premium granola with local sourcing and local relevancy.

    - Commentary on Bare Naked.

      - It's the No.1 granola brand, but the company has to be careful where to take it and how extendable it can be.

      - It has recognized the brand strength and is experimenting with new options in a direct consumer model.

      - A lesson from Kashi is they took it beyond where it should have naturally gone, so it is important to find the core positioning.

- **U.S. snacks.** U.S. snacks have positive underlying trends benefiting from snacking trends. Portfolio mix shifted towards smaller packaging and single servings. In channel mix we see emerging channels standing out. Re brands/ segments:

  - **Salty snacks.** Overall this segment has a lot of growth with big leading brands that respond well to brand-building activities.

    - Cheezit: It is K's largest snacks brand, U.S. focused with strong growth.

- Pringles: It has been growing for a long time.

- **Cookies.** Positive growth but not to the same level as Pringles and Cheezit.
  - The business come from the Keebler acquisition a few years ago, and now has robust product offerings.
- **Wholesome snacks.** Mixed performance in this segment, depending on whether the brand has the right offerings. Rice Krispies Treats and RXBAR are two strong platforms here.
  - Special K.
    - Dieting became off trends, so Special K has to reposition.
    - The company has worked on Special K to bring more natural visible ingredients because fat and calories now matter less than ingredients and tastes.
    - The brand still takes time to return to better performance.
  - Rice Krispies Treats.
    - The platform is performing well with solid growth and opportunities around single serve and on-the-go formats.
    - Wholesome food/snacks is very dynamic as it caters to the consumer wellness trends.
  - RXBAR.
    - K operates RXBAR separately from other U.S. brands. It is a strong platform with on-trend simple natural ingredients.
    - Fits well in the portfolio. Note that K has been selective on M&A targets, but RXBAR's ingredient list, successful brand building, loyal customers, online presence and price premium all provide a unique opportunity.
    - RXBAR has distribution in the 30%s and it not yet distributed into mass distribution channels so there is distribution upside. Velocity is good as well.
    - In the near term, the company is focused on bringing RXBAR into broader channels, mass market and convenience.
    - On top of that, the company will consider RXBAR's extension into other flavors and segments. In addition, K has international foot print, and could potentially play a global role as well.
    - Deal metrics: RXBAR's 2017 sales were well north of $100Mn. The purchase price after tax benefit is actually around $400Mn, representing 13x 2018 EBITDA multiple.

        - In 2018 we expect it to add one to two points of growth on the FY17 company base of $13Bn.

    - Nutri-grain. It is an underperforming brand with continued renovations.

Delving into international business trends. On the high level, K's core four international markets are all well-developed and deliver solid top-line performance, but K also has long and strong presence in emerging markets.

- Cereal

    - Despite lack of cultural relevancy, cereal growth is strong in India, Korea and some other emerging markets.

    - Adding a convenient offering of cereal. For example, in Egypt K has acquired a warm granola porridge brand and developed a more convenient version.

- Snacks

    - Snacks as a segment is more global than cereals.

    - Pringles is strong in many markets.

    - K's broader snacks and cookies segment is a combination of investments: K is building scale in the Parati acquisition in Brazil, a strong local mid-market brand in Russia, and in other similar investments in Egypt, Nigeria and South Africa's Kellogg noodles JV.

    - K is not limited in cereal and Pringles in emerging markets and has several global business partners.

- Commentary on the European retailers' issue.

    - In Europe K has a concentrated retailer base with a combination of discounters and e-commerce. There were some channel dynamics going on, but nothing significantly changed.

    - Last year K had an important pricing reset with retailers for Pringles and some other categories. They pushed back, but given K's brand strength, after several months the issue was resolved although K lost some promotion activities during this process. It was a challenge in 1H17, especially in France and northern Europe.

    - It was the strong brand and the supportive customer base that gave K the leverage in discussion with retailers. Outcome was constructive. Now that the issues were past, Pringles has sequentially returned to growth.

- Outlook. The company is active in promotional activities in Europe and sees a strong tailwind in its brands. As we can see in its 2H17 performance, management expects continued momentum in 1H18 and also it is lapping weak comps last year.

Profit margin trends. The CFO gave high-level comments on the profit margin progressions.

- The cost projects will help with margin improvements across the board, and the company expects DSD exit benefits to continue in 1H18.
- The company has achieved strong margin expansions if you look at the last two years' trend line, and it remained on track for the 350bp margin expansion target despite some accounting change noise.

Business review, M&A and strategy. The CEO's business review may not necessarily lead to big revolutions, because the company is now more focused on pivoting to top-line growth and driving margin expansions.

- As for M&A, the company tends to be selective and interested in targeted deals in smaller, bite-size acquisitions that can contribute to total growth.
- For example, in Europe the company looks at strong local brands that they can build on a platform to scale up in the middle market.
- In emerging markets the acquisitions are tied to the rise of income and market growth in that region, such as in Nigeria, Brazil and Russia.
- From a category/product perspective the company looks at products that have a strong position around health and wellness trends and snacking trends.

Appendix I: K Financial Highlights

FIGURE 1: CONSOLIDATED FINANCIAL HIGHLIGHTS

$ Millions	FY14	FY15	1Q16	2Q16	3Q16	4Q16	FY16	1Q17	2Q17	3Q17	4Q17	FY17	1Q18e	2Q18e	3Q18e	4Q18e	FY18e	FY19e	FY20e
Adjusted																			
Sales	14,580	13,525	3,395	3,268	3,254	3,097	13,014	3,254	3,187	3,273	3,209	12,923	3,313	3,224	3,353	3,263	13,153	13,375	13,719
Gross Profit	5,237	5,188	1,298	1,302	1,284	1,237	5,121	1,277	1,306	1,322	1,300	5,205	1,304	1,315	1,336	1,297	5,253	5,349	5,512
EBIT	2,119	1,939	516	508	480	491	1,995	524	542	570	533	2,169	546	582	583	549	2,260	2,374	2,514
EBITDA	2,622	2,473	631	644	586	651	2,512	645	661	696	648	2,650	675	711	713	679	2,778	2,894	3,037
Pre-tax income	1,910	1,712	452	440	422	428	1,742	463	473	506	465	1,907	479	515	518	484	1,995	2,117	2,267
Net income	1,373	1,254	341	321	340	324	1,326	376	340	367	332	1,415	378	407	409	382	1,576	1,673	1,791
# of shares (Mn)	360	356	355	354	354	351	354	354	352	348	347	350	350	350	350	350	350	350	350
GAAP EPS	1.76	1.72	0.49	0.79	0.82	-0.15	1.96	0.74	0.80	0.85	1.23	3.62	0.94	1.03	1.03	0.96	3.96	4.23	5.11
Non-GAAP EPS	**3.81**	**3.53**	**0.96**	**0.91**	**0.96**	**0.92**	**3.72**	**1.06**	**0.97**	**1.05**	**0.96**	**4.04**	**1.08**	**1.16**	**1.17**	**1.09**	**4.50**	**4.78**	**5.11**
Consensus													*1.07*	*1.09*	*1.18*	*1.11*	*4.45*	*4.70*	*4.87*
Guidance																	*4.45-4.55*		
Ch %																			
Adj Sales (inc FX)	-1.4%	-7.2%	-4.7%	-6.6%	-2.3%	-1.3%	-3.8%	-4.2%	-2.5%	0.6%	3.6%	-0.7%	1.8%	1.2%	2.4%	1.7%	1.8%	1.7%	2.6%
Adj EBIT ch	-2%	-8%	-2%	0%	3%	12%	3%	2%	7%	19%	9%	9%	4%	7%	2%	3%	4%	5%	6%
Adj. EPS ch	-23%	-7%	-1%	-1%	14%	17%	5%	10%	7%	9%	5%	9%	2%	20%	11%	13%	11%	6%	7%
Key ratios																			
Gross margin	35.9%	38.4%	38.2%	39.8%	39.5%	39.9%	39.3%	39.2%	41.0%	40.4%	40.5%	40.3%	39.4%	40.8%	39.9%	39.8%	39.9%	40.0%	40.2%
SGA/Sales	-21.4%	-24.0%	-23.0%	-24.3%	-24.7%	-24.1%	-24.0%	-23.1%	-24.0%	-23.0%	-23.9%	-23.5%	-22.9%	-22.8%	-22.5%	-22.9%	-22.8%	-22.2%	-21.9%
EBIT margin	14.5%	14.3%	15.2%	15.5%	14.8%	15.9%	15.3%	16.1%	17.0%	17.4%	16.6%	16.8%	16.5%	18.0%	17.4%	16.8%	17.2%	17.7%	18.3%
Tax rate	-27.7%	-26.8%	-24.8%	-27.3%	-19.2%	-24.1%	-23.9%	-19.2%	-28.1%	-28.1%	-29.0%	-26.2%	-21.0%	-21.0%	-21.0%	-21.0%	-21.0%	-21.0%	-21.0%
BS/CF																			
Operating cash flow (reported)	1,793	1,691					1,628					1,646					1,898	2,018	2,337
Free cash flow (reported)	1,211	1,138					1,121					1,145					1,379	1,492	1,799
Dividends	680	700					716					736					738	738	738
Share buybacks	690	731					426					516					0	0	0
Ending net (debt)/cash	-6,927	-7,508					-7,487					-8,334					-7,693	-6,939	-5,878
Equity	2,789	2,128					1,911					2,212					2,861	3,606	4,658
net debt/EBITDA	-2.6	-3.0					-3.0					-3.1					-2.8	-2.4	-1.9

Source: Company Reports; FactSet; SFG Research

FIGURE 2: SFG VS. CONSENSUS

	2017			2018			2019		
Non-GAAP P&L	SFG	Cons.	diff %	SFG	Cons.	diff %	SFG	Cons.	diff %
Sales ($ Mn)	12,923	12,923	0%	13,153	12,983	1%	13,375	13,115	2%
EBITDA	2,650	2,592	2%	2,778	2,667	4%	2,894	2,740	6%
EBIT	2,169	2,074	5%	2,260	2,115	7%	2,374	2,185	9%
Net income	1,415	1,421	0%	1,576	1,543	2%	1,673	1,607	4%
EPS ex items	4.04	4.06	**0%**	4.50	4.45	**1%**	4.78	4.70	**2%**

Source: Company Reports; FactSet; SFG Research

FIGURE 3: SALES TRENDS

SALES - BY SEGMENT $ Mn	Mix	FY14	FY15	1Q16	2Q16	3Q16	4Q16	FY16	1Q17	2Q17	3Q17	4Q17	FY17	1Q18e	2Q18e	3Q18e	4Q18e	FY18e	FY19e	FY20e
Reported sales				3,395	3,268	3,254	3,097	13,014	3,254	3,187	3,273	3,209	12,923	3,313	3,224	3,353	3,263	13,153	13,375	13,719
ch %									-4.2%	-2.5%	0.6%	3.6%	-0.7%	1.8%	1.2%	2.4%	1.7%	1.8%	1.7%	2.6%
Comparable sales as per K (ex M&A)				3,386	3,261	3,247	3,089	12,983	3,203	3,137	3,221	3,106	12,667	3,207	3,123	3,248	3,140	12,717	12,932	13,265
ch %									-5.4%	-3.8%	-0.8%	0.6%	-2.4%	0.1%	-0.4%	0.8%	1.1%	0.4%	1.7%	2.6%
Sales ch %																				
reported ch %		-1.4%	-7.2%	-4.5%	-6.6%	-2.3%	-1.4%	-3.8%	-4.2%	-2.5%	0.6%	3.6%	-0.7%	1.8%	1.2%	2.4%	1.7%	1.8%	1.7%	2.6%
M&A/deconsol		-2.0%							-1.3%	-1.3%	-1.4%	-3.1%	-1.7%	1.7%	1.6%	1.6%	0.6%	1.4%	0.0%	0.0%
comparable $ sales growth									-5.4%	-3.8%	-0.8%	0.6%	-2.4%	0.1%	-0.4%	0.8%	1.1%	0.4%	1.7%	2.6%
organic LFL $ sales ch		**-2.0%**	**1.2%**	**it included Venezuela inflation**				**4.0%**	**-4.4%**	**-3.1%**	**-1.4%**	**-1.5%**	**-2.6%**	**-1.7%**	**-2.4%**	**0.0%**	**0.0%**	**-1.0%**	**1.5%**	**2.6%**
vol									-5.7%	-4.9%	-1.6%	0.0%	-3.1%	-0.9%	-1.3%	-0.2%	-0.2%	-0.6%	0.8%	1.6%
price/mix									1.3%	1.8%	0.2%	-1.5%	0.5%	-0.8%	-1.1%	0.1%	0.2%	-0.4%	0.7%	1.0%
FX									-1.0%	-0.7%	0.6%	2.0%	0.2%	2.4%	2.4%	1.3%	1.7%	1.9%	0.2%	0.0%

Source: Company Reports; FactSet; SFG Research

FIGURE 4: SALES TRENDS BY SEGMENT

SALES - BY SEGMENT $ Mn	Mix	FY14	FY15	1Q16	2Q16	3Q16	4Q16	FY16	1Q17	2Q17	3Q17	4Q17	FY17	1Q18e	2Q18e	3Q18e	4Q18e	FY18e	FY19e	FY20e
COMPARABLE NET SALES	100%	**14,580**	**13,525**	**3,386**	**3,261**	**3,247**	**3,089**	**12,983**	**3,203**	**3,137**	**3,221**	**3,106**	**12,667**	**3,261**	**3,174**	**3,301**	**3,186**	**12,922**	**13,135**	**13,465**
North America	67%	9,499	9,094	2,389	2,207	2,215	2,130	8,941	2,287	2,149	2,180	2,066	8,682	2,274	2,118	2,212	2,091	8,695	8,790	9,021
US Morning Foods	22%	3,108	2,992	767	727	733	704	2,931	719	679	710	670	2,778	690	652	703	663	2,708	2,708	2,762
US Snacks	24%	3,329	3,234	832	803	796	767	3,198	781	803	760	723	3,067	742	739	745	709	2,934	2,949	3,008
US Specialty	9%	1,198	1,181	376	271	284	283	1,214	395	276	290	288	1,249	399	282	296	294	1,270	1,295	1,321
Other North America	12%	1,864	1,687	414	406	402	376	1,598	392	391	420	385	1,588	443	445	469	426	1,783	1,838	1,930
Europe	18%	2,869	2,497	598	629	594	556	2,377	509	562	595	614	2,280	564	621	637	652	2,474	2,514	2,514
Latin America	8%	1,205	1,015	183	197	190	179	749	175	188	192	183	738	179	187	188	188	742	775	822
Asia Pacific	7%	1,007	919	216	228	248	224	916	232	238	254	243	967	244	249	264	255	1,011	1,055	1,108
LFL organic $ sales ch %		**-2.0%**	**1.2%**	**6.6%**	**8.6%**	**4.8%**	**1.1%**	**4.0%**	**-4.4%**	**-3.1%**	**-1.4%**	**-1.5%**	**-2.6%**	**-1.7%**	**-2.4%**	**0.0%**	**0.0%**	**-1.0%**	**1.5%**	**2.6%**
North America		-3.4%	-1.6%	-1.2%	-1.6%	-2.2%	0.4%	-1.6%	-4.4%	-2.4%	-1.9%	-3.3%	-3.0%	-2.6%	-3.8%	-0.4%	-0.3%	-1.8%	1.1%	2.6%
US Morning Foods		-10.3%	-3.7%	-1.2%	-2.0%	-3.8%	-1.1%	-2.0%	-6.3%	-6.6%	-3.0%	-4.9%	-5.2%	-4.0%	-4.0%	-1.0%	-1.0%	-2.5%	0.0%	2.0%
US Snacks		-5.8%	-2.9%	-2.6%	-3.8%	0.1%	2.3%	-1.1%	-6.1%	na	-4.5%	-5.8%	-4.1%	-5.0%	-8.0%	-2.0%	-2.0%	-4.3%	0.5%	2.0%
US Specialty		-0.3%	-1.4%	4.2%	0.4%	1.1%	5.2%	2.8%	5.1%	1.8%	1.9%	2.1%	2.9%	1.0%	2.0%	2.0%	2.0%	1.7%	2.0%	2.0%
Other North America		na	na	na	na	na	na	na	-5.5%	-2.6%	2.9%	0.6%	-1.4%	1.0%	1.0%	2.0%	2.0%	1.5%	3.0%	5.0%
Europe		-0.7%	-0.6%	-0.9%	0.0%	-0.8%	-1.1%	-0.8%	-8.3%	-7.0%	-1.1%	3.0%	-3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%
Latin America		3.9%	24.6%	90.3%	#####	79.8%	15.3%	67.7%	-0.9%	-4.0%	-2.1%	-0.5%	-1.9%	0.0%	0.0%	1.0%	1.0%	0.5%	4.0%	6.0%
Asia Pacific		0.7%	4.0%	0.9%	-4.8%	1.8%	1.2%	1.6%	2.9%	2.1%	2.0%	4.3%	2.8%	2.0%	2.0%	2.0%	2.0%	2.0%	4.0%	5.0%
Volume ch %		**-2.6%**	**-0.7%**	**-0.7%**	**-1.6%**	**-1.3%**	**0.4%**	**-0.9%**	**-5.7%**	**-4.9%**	**-1.6%**	**0.0%**	**-3.1%**	**-0.9%**	**-1.3%**	**-0.2%**	**-0.2%**	**-0.6%**	**0.8%**	**1.6%**
North America		-3.2%	-1.8%	-1.1%	-2.4%	-1.8%	0.5%	-1.3%	-4.9%	-3.7%	-1.0%	-0.7%	-2.7%	-1.3%	-1.9%	-0.2%	-0.2%	-0.9%	0.5%	1.3%
Europe		0.0%	-0.1%	1.6%	-0.4%	0.0%	0.6%	0.2%	-10.9%	-8.6%	-2.5%	0.5%	-5.4%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	0.0%	0.0%
Latin America		-5.4%	0.2%	-3.2%	-4.9%	-4.3%	-2.9%	-4.0%	-6.0%	-7.4%	-8.2%	-0.4%	-5.6%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	4.0%
Asia Pacific		-0.1%	6.6%	0.7%	-2.4%	2.5%	2.6%	2.5%	2.2%	-1.9%	2.7%	4.4%	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	4.0%	5.0%
Price/mix ch %		**0.6%**	**1.9%**	**7.3%**	**10.2%**	**6.1%**	**0.7%**	**4.9%**	**1.3%**	**1.8%**	**0.2%**	**-1.5%**	**0.5%**	**-0.8%**	**-1.1%**	**0.1%**	**0.2%**	**-0.4%**	**0.7%**	**1.0%**
North America		-0.2%	0.2%	-0.1%	0.8%	-0.4%	-0.1%	-0.3%	0.5%	1.3%	-0.9%	-2.6%	-0.3%	-1.3%	-1.9%	-0.2%	-0.2%	-0.9%	0.5%	1.3%
Europe		-0.7%	-0.5%	-2.5%	0.4%	-0.8%	-1.7%	-1.0%	2.6%	1.6%	1.4%	2.5%	1.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	0.0%
Latin America		9.3%	24.4%	93.5%	#####	84.1%	18.2%	71.7%	5.1%	3.4%	6.1%	-0.1%	3.7%	0.0%	0.0%	1.0%	1.0%	0.5%	2.0%	2.0%
Asia Pacific		0.8%	-2.6%	0.2%	-2.4%	-0.7%	-1.4%	-0.9%	0.7%	4.0%	-0.7%	-0.1%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
				it included Venezuela inflation																

Source: Company Reports; FactSet; SFG Research

FIGURE 5: EBIT TRENDS

Segment EBIT $ Mn	Mix	FY14	FY15	1Q16	2Q16	3Q16	4Q16	FY16	1Q17	2Q17	3Q17	4Q17	FY17	1Q18e	2Q18e	3Q18e	4Q18e	FY18e	FY19e	FY20e
EBIT ex items		**2,119**	**1,939**	**516**	**508**	**480**	**491**	**1,995**	**518**	**538**	**568**	**520**	**2,144**	**546**	**582**	**595**	**550**	**2,273**	**2,384**	**2,522**
North America		1,506	1,406	398	384	353	387	1,522	391	410	420	383	1,604	407	436	435	392	1,670	1,737	1,832
US Morning Foods		531	532	153	169	148	146	616	161	177	155	126	619	141	170	157	125	592	601	621
US Snacks		446	368	103	103	86	108	400	76	101	120	127	424	98	119	118	124	459	491	531
US Specialty		266	265	88	61	69	69	287	96	71	76	71	314	98	73	78	73	323	332	341
Other North America		263	241	54	51	50	64	219	58	61	69	59	247	70	74	82	69	295	313	339
Europe		350	332	85	82	85	82	334	72	78	86	84	320	80	91	92	96	359	377	390
Latin America		180	135	24	31	25	18	98	27	25	23	19	94	28	27	26	25	106	118	134
Asia Pacific		89	77	17	16	23	24	80	23	22	26	26	97	27	25	29	29	109	121	135
Corporate		-6	-11	-8	-5	-6	-20	-39	5	3	13	8	29	5	3	13	8	30	30	31
EBIT margins	100%	**14.5%**	**14.3%**	**15.2%**	**15.6%**	**14.8%**	**15.9%**	**15.4%**	**16.2%**	**17.2%**	**17.6%**	**16.7%**	**16.9%**	**16.7%**	**18.3%**	**18.0%**	**17.3%**	**17.6%**	**18.2%**	**18.7%**
North America	75%	15.9%	15.5%	16.7%	17.4%	15.9%	18.2%	17.0%	17.1%	19.1%	19.3%	18.5%	18.5%	17.9%	20.6%	19.6%	18.7%	19.2%	19.8%	20.3%
US Morning Foods	30%	17.1%	17.8%	19.9%	23.2%	20.2%	20.7%	21.0%	22.4%	26.1%	21.8%	18.8%	22.3%	20.4%	26.1%	22.3%	18.8%	21.9%	22.2%	22.5%
US Snacks	20%	13.4%	11.4%	12.4%	12.8%	10.8%	14.1%	12.5%	9.7%	12.6%	15.8%	17.6%	13.8%	13.2%	16.1%	15.8%	17.6%	15.6%	16.6%	17.6%
US Specialty	14%	22.2%	22.4%	23.4%	22.5%	24.3%	24.4%	23.6%	24.3%	25.7%	26.2%	24.7%	25.1%	24.6%	26.0%	26.5%	25.0%	25.4%	25.6%	25.8%
Other North America	11%	14.1%	14.3%	13.0%	12.6%	12.4%	17.0%	13.7%	14.8%	15.6%	16.4%	15.3%	15.6%	15.8%	16.6%	17.4%	16.3%	16.6%	17.1%	17.6%
Europe	16%	12.2%	13.3%	14.2%	13.0%	14.3%	14.7%	14.1%	14.1%	13.9%	14.5%	13.7%	14.0%	14.1%	14.7%	14.5%	14.7%	14.5%	15.0%	15.5%
Latin America	5%	14.9%	13.3%	13.1%	15.7%	13.2%	10.1%	13.1%	15.4%	13.3%	12.0%	10.4%	12.7%	15.4%	14.3%	14.0%	13.4%	14.3%	15.3%	16.3%
Asia Pacific	4%	8.8%	8.4%	7.9%	7.0%	9.3%	10.7%	8.7%	9.9%	9.2%	10.2%	10.7%	10.0%	10.9%	9.9%	10.9%	11.4%	10.8%	11.5%	12.2%
Corporate		0.0%	-0.1%	-0.2%	-0.2%	-0.2%	-0.6%	-0.3%	0.2%	0.1%	0.4%	0.3%	0.2%	0.2%	0.1%	0.4%	0.3%	0.2%	0.2%	0.2%

Source: Company Reports; FactSet; SFG Research

FIGURE 6: IRI VS. REPORTED

IRI vs. Reported	FY14	FY15	1Q16	2Q16	3Q16	4Q16	FY16	1Q17	2Q17	3Q17	4Q17	FY17
NA Segment Sales YoY %Ch												
NA Sales (as per K)	-3.4%	-1.6%	-1.2%	-1.6%	-2.2%	0.4%	-1.6%	-4.4%	-2.4%	-1.9%	-3.3%	-3.0%
As per IRI (U.S.)	-3.8%	-2.1%	-2.2%	-2.6%	-2.1%	-2.0%	-2.2%	-3.9%	-4.3%	-4.5%	-2.6%	-3.8%
Gap (pp)	0.4	0.5	1.0	1.0	-0.1	2.4	0.6	-0.5	1.9	2.6	-0.7	0.8
US Morning Foods Sales YoY %Ch												
US Morning Foods (as per K)	-10.3%	-3.7%	-1.2%	-2.0%	-3.8%	-1.1%	-2.0%	-6.3%	-6.6%	-3.1%	-4.8%	-5.2%
Cold cereal (as per IRI)	-7.3%	-1.8%	-1.0%	-1.6%	-0.8%	-1.2%	-1.2%	-3.6%	-3.2%	-4.3%	-4.3%	-3.9%
US Snacks Sales YoY %Ch												
US Snacks (as per K)	-5.8%	-2.9%	-2.6%	-3.8%	0.1%	2.3%	-1.1%	-6.1%	0.0%	-4.5%	-5.7%	-4.1%
Salty Snacks (as per IRI)	3.8%	1.2%	0.4%	1.1%	-5.4%	3.1%	1.4%	-1.7%	-6.9%	-2.7%	-1.7%	-3.0%
Cookies (as per IRI)	-3.7%	-2.8%	-1.8%	0.4%	1.7%	-1.0%	-1.4%	-2.1%	-6.0%	-9.4%	-4.6%	-5.6%
Snack bars (as per IRI)	-8.9%	-7.7%	-8.5%	-7.3%	-8.8%	-6.2%	-7.7%	-11.8%	-9.7%	-8.0%	-5.9%	-9.0%

Source: Company Reports; Scanner Data; SFG Research

Appendix II: Price Target, Context and Valuation

FIGURE 7: PRICE TARGET AND CONTEXT

K PRICE TARGET	FY17	FY18e	FY19e
Our PT methodology:	*by Dec'16*	*by Dec'17*	*by Dec'18*
Tax/equity income adjusted EBITDA			
EBITDA	2,650	2,778	2,894
tax adjusted EBITDA	1,957	2,194	2,286
grossed up for equity income	1,957	2,194	2,286
deflated by minority interest	1,957	2,194	2,286
Multiple (x)	**14.5**	**14.5**	**14.5**
vs. F&B sector adj multiple	-15%	-15%	-15%
Target adj EV ($Mn)		31,885	33,215
(-) Net cash (debt)		-7,693	-6,939
Market cap		24,192	26,277
share count #		350	350
implied per share price target		$69	$75
Price Target (PV)			*by Dec'18*
disc factor			*1.000*
at present value (PV) by Dec'18			**$75**
upside/downside			7%

Kellogg Neutral Rating, PT: $75			
Performance	3 Months	YTD	
K	6%	3%	
EPS Revisions	4%	4%	
Consumer Staples	-4%	-5%	
Ratings/Sentiment	22	100%	Group
Buys	6	27%	44%
Holds	15	68%	51%
Sells	1	5%	4%
Price Context		K	Group
3 yr High/Low		48%	84%
Off 3yr High		-19%	-14%
Off 3yr Low		19%	59%
Valuation	PE	EBITDA	SFG
1yF	15.6x	12.0x	15.2x
vs. avg	-3%	11%	2%
EPS Estimates	FY16	FY17	
SFG EPS	3.72	4.04	
Consensus EPS	4.45	4.70	
% Difference	-16%	-14%	

Source: Company Reports; SFG Research

FIGURE 8: VALUATION

VALUATION	FY17	FY18e	FY19e	FY20e
Current share price $70.25				
PE(x)				
EPS	$4.04	$4.50	$4.78	$5.11
normal PE	17.4	15.6	14.7	13.7
cash per share				
PE ex cash				
EV/EBITDA				
Regular	12.4	11.6	10.9	10.0
EV	32,936	32,295	31,540	30,479
market cap	24,602	24,602	24,602	24,602
net cash (debt)	-8,334	-7,693	-6,939	-5,878
EBITDA	2,650	2,778	2,894	3,037
sector avg	13.5	13.5	13.5	13.5
premium	-8%	-14%	-19%	-26%
EV/EBITDA tax adjusted				
Multiple (x)	16.8	14.7	13.8	12.7
tax-adjusted EBITDA	1,957	2,194	2,286	2,399
tax rate	26.2%	21.0%	21.0%	21.0%
sector avg	17.1	17.1	17.1	17.1
premium	-2%	-14%	-19%	-26%
Implied share price (based on current 1yF multiples)				
PE(x)				
taking current 2017 PE ex cash				
upside				
taking 2017 tax-adjusted EBITDA (x)			**$90**	**$99**
upside			28%	40%

Source: Company Reports; SFG Research

Appendix III: F&B Valuation Comps

FIGURE 9: CY19 P/E MULTIPLES EX CASH BASED ON SFG ESTIMATES VS. BASED ON CONSENSUS

CY19 DATA	$ Share Price	Mn # of shares	$ Mn Net cash (debt)	$ Mn EBITDA	$ Net cash per share	$ Share price ex cash	$ EPS	(x) CY19 ex cash PE	CY19 premium /discount
SFG COVERAGE									
Beer									
BREW	19.25	19	(26)	24	0.00	19.25	0.51	37.7	110%
BUD	115.19	1,970	(98,164)	26,176	0.00	115.19	6.79	17.0	-5%
SAM	181.70	168	82	(303)	0.49	181.21	88.48	2.0	-89%
STZ	230.34	192	(10,249)	3,077	0.00	230.34	9.93	23.2	29%
TAP	81.09	217	(8,567)	2,721	0.00	81.09	5.36	15.1	-16%
Drinks									
KO	44.82	4,234	(20,324)	12,014	0.00	44.82	2.21	20.2	13%
PEP	112.54	1,394	(19,867)	14,105	0.00	112.54	5.94	18.9	6%
CCE	40.90	489	(5,693)	2,783	0.00	40.90	2.93	14.0	-22%
DPS	117.95	170	(4,460)	1,708	0.00	117.95	5.62	21.0	17%
MNST	58.06	575	3,211	1,500	5.59	52.47	1.86	28.2	57%
SODA	85.96	23	673	131	29.68	56.28	4.13	13.6	-24%
FIZZ	90.60	47	299	293	6.38	84.22	4.35	19.4	8%
Food									
KHC	67.23	1,228	(25,421)	8,477	0.00	67.23	3.82	17.6	-2%
MDLZ	44.27	1,477	(15,024)	5,958	0.00	44.27	2.57	17.2	-4%
GIS	51.45	583	(7,226)	3,484	0.00	51.45	3.68	14.0	-22%
K	70.25	350	(6,939)	2,894	0.00	70.25	4.78	14.7	-18%
SJM	129.92	114	(3,673)	1,824	0.00	129.92	8.95	14.5	-19%
HSY	100.36	214	(3,036)	1,980	0.00	100.36	5.77	17.4	-3%
BUFF	39.82	198	345	443	1.74	38.08	1.47	25.9	44%
HAIN	35.53	104	(207)	356	0.00	35.53	1.92	18.5	3%
THS	42.02	57	(1,912)	609	0.00	42.02	2.67	15.8	-12%
FRPT	18.10	35	28	34	0.80	17.30	0.89	19.5	9%
S5CONS (1yF)								17.9x	
SPX (1yF)								17.4x	
SFG F&B universe (1yF)								20.0x	

CY19 DATA	$ Share Price	Mn # of shares	$ Mn Net cash (debt)	$ Mn EBITDA	$ Net cash per share	$ Share price ex cash	$ EPS	(x) ex cash PE
SFG COVERAGE								
Beer								
BREW	19.25	18	5	24	0.26	18.99	0.52	36.8
BUD	115.19	1,991	(94,957)	25,814	0.00	115.19	5.83	19.8
SAM	181.70	12	64	171	5.57	176.13	7.36	23.9
STZ	230.34	212	(9,280)	3,320	0.00	230.34	9.91	23.2
TAP	81.09	220	(8,575)	2,663	0.00	81.09	5.52	14.7
Drinks								
KO	44.82	4,266	(28,759)	12,158	0.00	44.82	2.26	19.8
PEP	112.54	1,398	(23,638)	14,412	0.00	112.54	6.14	18.3
CCE	40.90	493	(5,898)	2,712	0.00	40.90	3.06	13.3
DPS	117.95	174	(4,129)	1,719	0.00	117.95	5.67	20.8
MNST	58.06	558	1,748	1,570	3.13	54.93	2.03	27.0
SODA	85.96	23	271	130	11.79	74.17	3.95	18.8
FIZZ	90.60	53	358	333	6.79	83.81	4.20	19.9
Food								
KHC	67.23	1,224	(26,915)	8,441	0.00	67.23	4.09	16.4
MDLZ	44.27	1,469	(15,923)	5,949	0.00	44.27	2.68	16.5
GIS	51.45	590	(9,572)	3,533	0.00	51.45	3.39	15.2
K	70.25	342	(7,440)	2,740	0.00	70.25	4.70	15.0
SJM	129.92	127	(3,932)	1,860	0.00	129.92	8.53	15.2
HSY	100.36	210	(3,197)	2,001	0.00	100.36	5.71	17.6
BUFF	39.82	198	(9)	410	0.00	39.82	1.34	29.7
HAIN	35.53	110	(187)	396	0.00	35.53	2.02	17.6
THS	42.02	54	(2,055)	593	0.00	42.02	2.67	15.7
FRPT	18.10	42	2	31	0.04	18.06	0.27	67.3
S5CONS								
SPX								
SFG F&B universe								

Source: FactSet; SFG Research

For more information on any of the covered companies highlighted within this table, contact your SFG sales representative or visit our disclosure website at https://sig.bluematrix.com/sellside/Disclosures.action

FIGURE 10: F&B VALUATION COMPS

											VALUATION (1yF) PE		VALUATION (1yF) EV/EBITDA		VALUATION (1yF) Adj.		HISTORICAL (1yF)			CY2018 SFG est		
Ticker	Rating	$ Price Target	$ Price 11-Mar	Perf. 3m	Share Count Mn	Share Class Struct.	Free Float	Market Cap. $Mn	Net Debt $Mn	Net Cash/ Share	Curr. Multiple	vs. Avg.	Curr. Multiple	vs. Avg.	Curr. Multiple	vs. Avg.	5y Avg. PE	Current PE vs. 5y Avg.	5y avg. Prem to Group	Div Yield	FCF Yield	EV/ Sales
SFG COVERAGE																						
Beer																						
BREW	Positive	22	19.25	4%	19	single	50%	372	33	na	47.6x	165%	80.8x	567%	73.0x	327%	41.0x	16%	131%	0.0%	-0.4%	1.8x
BUD	Positive	137	115.19	3%	1,693	single	45%	194,560	#N/A	#N/A	21.8x	22%	13.6x	12%	18.3x	7%	20.4x	7%	15%	4.5%	6.7%	5.5x
SAM	neutral	194	181.70	-6%	9	dual	96%	1,602	(66)	7.45	26.3x	46%	12.7x	5%	17.6x	3%	29.2x	-10%	64%	0.0%	4.0%	2.5x
STZ	neutral	209	230.34	5%	171	dual	96%	44,850	9,061	na	24.0x	34%	17.6x	45%	22.1x	29%	19.5x	23%	10%	0.0%	1.7%	7.3x
TAP	Positive	96	81.09	0%	195	dual	88%	16,044	10,895	na	15.4x	-14%	10.3x	-15%	13.1x	-24%	16.2x	-5%	-9%	0.0%	9.4%	0.0x
Drinks																						
KO	neutral	46	44.82	-1%	4,266	single	99%	191,135	27,010	na	21.1x	18%	19.0x	57%	20.7x	21%	19.4x	9%	9%	3.5%	3.4%	0.0x
PEP	Positive	130	112.54	-4%	1,422	single	100%	160,048	19,771	na	19.4x	8%	13.3x	10%	16.8x	-2%	18.8x	3%	6%	3.2%	4.0%	0.0x
CCE	Negative	32	40.90	4%	484	single	45%	19,811	6,446	na	14.3x	-20%	10.1x	-17%	13.4x	-22%	15.2x	-6%	-14%	2.2%	3.1%	2.1x
DPS	neutral	129	117.95	25%	180	single	100%	21,201	4,368	na	22.1x	23%	15.2x	25%	20.3x	19%	17.0x	30%	-4%	2.0%	4.5%	3.7x
MNST	Negative	54	58.06	-8%	564	single	73%	32,885	(2,177)	3.9	31.8x	77%	21.9x	81%	29.2x	71%	30.2x	5%	70%	0.0%	3.0%	7.9x
SODA	Positive	95	85.96	24%	22	single	95%	1,882	(210)	9.60	24.3x	36%	14.3x	18%	16.1x	-6%	17.9x	36%	1%	0.0%	3.0%	2.6x
FIZZ	Positive	166	90.60	-10%	47	single	25%	4,223	(136)	2.93	23.0x	28%	15.7x	30%	21.4x	25%	18.8x	22%	6%	0.6%	3.1%	4.3x
Food																						
KHC	neutral	72	67.23	-14%	1,218	single	76%	81,945	29,907	na	17.4x	-3%	13.4x	11%	17.5x	2%	23.6x	-27%	33%	3.8%	5.4%	4.2x
MDLZ	neutral	47	44.27	3%	1,487	single	100%	65,844	16,891	na	17.7x	-1%	14.6x	21%	16.1x	-6%	19.6x	-9%	10%	1.8%	4.1%	0.0x
GIS	neutral	60	51.45	-8%	569	single	99%	29,277	8,713	na	15.4x	-14%	11.3x	-7%	14.1x	-17%	18.2x	-15%	2%	3.8%	6.2%	1.5x
K	neutral	16	70.25	6%	346	single	99%	24,348	8,334	na	15.6x	-13%	12.0x	-1%	15.2x	-11%	16.7x	-6%	-6%	3.0%	5.7%	1.3x
SJM	Positive	158	129.92	11%	114	single	97%	14,757	5,232	na	14.5x	-19%	11.3x	-7%	14.6x	-14%	17.6x	-17%	-1%	2.4%	5.6%	2.4x
HSY	neutral	110	100.36	-11%	150	dual	99%	15,040	2,540	na	18.5x	3%	12.4x	3%	15.7x	-8%	21.9x	-16%	23%	3.7%	6.8%	3.2x
BUFF	Positive	52	39.82	23%	195	single	92%	7,775	112	na	33.6x	87%	21.8x	80%	29.8x	75%	28.2x	19%	59%	0.0%	2.3%	5.5x
HAIN	neutral	38	35.53	-14%	104	single	97%	3,692	603	na	19.5x	8%	11.6x	-5%	15.2x	-11%	23.7x	-18%	33%	0.0%	4.4%	1.1x
THS	neutral	39	42.02	-10%	56	single	98%	2,370	2,396	na	18.7x	4%	08.2x	-32%	10.9x	-36%	20.8x	-10%	17%	0.0%	9.1%	0.0x
FRPT	neutral	17	18.10	-6%	35	single	69%	636	(2)	0.06	341.2x	####	29.6x	145%	29.6x	73%	1263.6x	-73%	7006%	0.0%	-0.4%	3.7x
S5CONS			561								17.9x		12.1x		15.4x		17.8x	1%				
SPX			2,787								17.4x		11.5x		na		15.0x	16%				
F&B											20.0x		13.5x		17.1x		20.2x	-1%		1.9%	5.0%	

Source: FactSet; SFG Research
For more information on any of the covered companies highlighted within this table, contact your SFG sales representative or visit our disclosure website at https://sig.bluematrix.com/sellside/Disclosures.action

FIGURE 11: F&B BENCHMARKING

	STOCK PERFORMANCE				CONSENSUS EXPECTATIONS								CURRENT FISCAL YEAR (CONSENSUS					EPS: SFG vs. Con	
	Performance		Short Interest	Short Interest	Sales ch %		EBIT ch %		EBIT margin bp ch		EPS ch %		EBIT	D&A	Net Debt	Tax			
	3m	1yr	now	3m ago	This FY	Nxt FY	This FY	Nxt FY	This FY	Nxt FY	This FY	Nxt FY	margin	/ Sales	/ EBITDA	Rate	ROE	This FY	Nxt FY
SFG COVERAGE																			
Beer																			
BREW	4%	43%	5%	8%	2%	5%	118%	26%	263	98	157%	43%	5%	0.0%	1.5x	26%	5%	30%	-26%
BUD	3%	8%	na	na	7%	5%	10%	8%	516	121	82%	13%	34%	7.6%	#N/A	24%	13%	-1%	4%
SAM	-6%	20%	26%	29%	3%	2%	-7%	7%	(128)	62	14%	8%	12%	6.0%	-0.4x	28%	19%	10%	-1%
STZ	5%	48%	2%	3%	3%	7%	10%	10%	218	77	27%	12%	33%	4.4%	3.3x	20%	21%	-1%	-5%
TAP	0%	-16%	3%	2%	2%	1%	4%	5%	33	54	18%	6%	16%	7.6%	4.2x	20%	8%	-1%	-3%
Drinks																			
KO	-1%	7%	1%	1%	-10%	4%	13%	8%	658	112	9%	8%	33%	3.6%	2.4x	21%	49%	0%	-2%
PEP	-4%	3%	1%	1%	3%	3%	7%	6%	69	42	9%	8%	17%	3.7%	1.5x	21%	68%	-2%	-5%
CCE	4%	16%	1%	1%	5%	3%	7%	7%	24	59	21%	9%	14%	3.4%	2.5x	24%	16%	-16%	-24%
DPS	25%	25%	4%	4%	4%	3%	8%	4%	89	26	16%	8%	21%	1.5%	2.6x	29%	40%	-2%	-7%
MNST	-8%	24%	2%	1%	12%	10%	11%	11%	(47)	42	26%	14%	36%	1.4%	-0.8x	26%	23%	-1%	-12%
SODA	24%	82%	3%	3%	13%	8%	10%	16%	(40)	115	4%	15%	15%	3.4%	1.9x	11%	14%	8%	12%
FIZZ	-10%	37%	23%	27%	19%	16%	25%	21%	114	86	45%	24%	21%	na	-0.6x	26%	47%	0%	-2%
Food																			
KHC	-14%	-27%	2%	2%	1%	2%	2%	4%	11	60	8%	7%	28%	2.5%	3.7x	23%	7%	-3%	-10%
MDLZ	3%	1%	1%	1%	4%	3%	3%	6%	(11)	58	15%	9%	17%	3.1%	3.1x	22%	14%	0%	-2%
GIS	-8%	-15%	6%	5%	1%	1%	0%	4%	(11)	64	3%	7%	18%	3.9%	2.6x	27%	36%	0%	0%
K	6%	-5%	8%	10%	0%	1%	6%	3%	(1,176)	37	10%	6%	16%	3.8%	3.1x	21%	57%	2%	0%
SJM	11%	-7%	7%	7%	0%	2%	14%	3%	242	25	6%	10%	20%	2.8%	3.1x	13%	12%	7%	20%
HSY	-11%	-8%	2%	1%	6%	2%	2%	5%	(83)	57	13%	6%	21%	3.3%	1.3x	23%	122%	0%	-1%
BUFF	23%	62%	4%	9%	10%	9%	9%	19%	(22)	213	45%	19%	24%	1.3%	0.3x	32%	45%	18%	14%
HAIN	-14%	2%	7%	8%	5%	4%	61%	11%	301	62	36%	15%	9%	2.4%	1.8x	26%	9%	-27%	-14%
THS	-10%	-51%	9%	9%	-4%	1%	-10%	13%	(34)	55	-24%	24%	5%	4.3%	4.3x	26%	5%	-15%	-25%
FRPT	-6%	84%	18%	20%	20%	22%	121%	1461%	207	371	193%	-442%	0%	7.3%	-0.1x	16%	1%	-3512%	-28%
S5CONS	-6%																		
SPX	1%																		
SFG F&B	1%																		

Source: FactSet; SFG Research

For more information on any of the covered companies highlighted within this table, contact your SFG sales representative or visit our disclosure website at https://sig.bluematrix.com/sellside/Disclosures.action

FIGURE 12: PERFORMANCE

Performance (%) Company	Ticker	1-month	YTD	3-month	6-month	2016	1-year	3-year	5-year	Curr price	1yr peak	date of peak	1yr trough	date of trough	peak vs trough	Curr vs peak	Curr vs trough
Broader market and sectors																	
S&P 500	**SPX Index**	**-5%**	**0%**	**1%**	**8%**	**10%**	**11%**	**27%**	**76%**	2668.1	2872.9	1/26	2322.3	3/27	24%	-7%	15%
Consumer Staples	S5CONS Inde	-8%	-7%	-6%	-3%	3%	-4%	6%	38%	545.5	606.7	1/29	540.4	11/7	12%	-10%	1%
Utilities	S5UTIL Index	-3%	-8%	-13%	-11%	12%	-5%	8%	31%	247.3	289.5	11/15	240.3	2/6	20%	-15%	3%
Health Care	S5HLTH Inde›	-6%	0%	0%	2%	-4%	10%	15%	90%	959.1	1061.8	1/29	845.5	4/18	26%	-10%	13%
Telecommunication Servic	S5TELS Index	-9%	-8%	-3%	-2%	18%	-10%	-3%	0%	153.5	172.7	3/20	140.8	11/6	23%	-11%	9%
Consumer Discretionary	S5COND Inde	-3%	4%	7%	15%	4%	18%	36%	103%	819.8	870.2	1/29	682.3	3/22	28%	-6%	20%
Energy	SPN Index	-12%	-8%	-4%	5%	24%	-7%	-15%	-14%	490.7	579.2	1/24	453.2	8/21	28%	-15%	8%
Materials	S5MATR Inde:	-5%	-2%	0%	7%	14%	11%	15%	53%	370.1	402.1	1/26	321.0	3/27	25%	-8%	15%
Industrials	S5INDU Index	-5%	-1%	2%	9%	16%	11%	29%	79%	633.5	680.7	1/29	546.9	3/27	24%	-7%	16%
Information Technology	S5INFT Index	-1%	6%	7%	16%	12%	31%	63%	148%	1171.9	1214.4	2/27	887.5	3/6	37%	-3%	32%
Financials	SPF Index	-4%	3%	5%	17%	20%	15%	46%	102%	478.9	503.4	1/29	380.1	4/17	32%	-5%	26%
Beverages																	
Craft Brew Alliance	BREW Equity	-7%	-6%	-8%	2%	102%	18%	44%	168%	18.0	20.1	11/28	12.0	4/18	68%	-10%	50%
AB InBev	BUD Equity	-5%	-3%	-6%	-8%	-16%	-1%	-14%	15%	108.6	126.5	10/18	101.2	2/9	25%	-14%	7%
Coca-Cola Enterprises	CCE Equity	-5%	-6%	-6%	-14%	-36%	9%	-19%	6%	37.5	44.8	8/10	34.4	3/3	30%	-16%	9%
Coca-Cola Bottling Co.	COKE Equity	-9%	-15%	-15%	-14%	-2%	5%	76%	181%	183.9	249.5	7/27	170.9	3/13	46%	-26%	8%
Dr Pepper Snapple	DPS Equity	-3%	20%	29%	26%	-3%	24%	47%	165%	116.0	126.7	1/29	83.2	10/25	52%	-8%	39%
The Coca-Cola Co.	KO Equity	-10%	-6%	-7%	-6%	-3%	2%	-1%	11%	42.9	48.6	1/26	41.7	3/8	16%	-12%	3%
Monster Beverages	MNST Equity	-20%	-15%	-14%	-4%	-11%	29%	15%	220%	54.1	70.2	1/29	41.3	3/1	70%	-23%	31%
PepsiCo	PEP Equity	-11%	-11%	-8%	-7%	5%	-2%	8%	41%	107.3	122.5	1/23	106.2	10/4	15%	-12%	1%
Boston Beer Co.	SAM Equity	-15%	-15%	-11%	9%	-16%	1%	-39%	4%	162.4	202.4	2/16	128.7	6/22	57%	-20%	26%
SodaStream	SODA Equity	1%	14%	14%	33%	142%	61%	347%	65%	80.2	86.8	2/15	45.6	3/27	90%	-8%	76%
Constellation Brands	STZ Equity	-3%	-6%	-2%	7%	8%	34%	87%	389%	214.2	229.5	1/4	155.1	3/9	48%	-7%	38%
Molson Coors	TAP Equity	-8%	-7%	-3%	-15%	4%	-23%	1%	69%	76.5	100.9	3/1	72.7	2/9	39%	-24%	5%
National Beverage	FIZZ Equity	-13%	-1%	-10%	-18%	12%	62%	329%	612%	96.2	129.8	9/11	57.6	3/1	125%	-26%	67%
Food																	
Blue Buffalo	BUFF Equity	17%	22%	32%	55%	28%	62%	100%	100%	40.0	40.2	2/28	21.5	8/7	87%	0%	86%
General Mills	GIS Equity	-13%	-15%	-11%	-6%	7%	-17%	-7%	8%	50.3	61.3	3/15	49.7	11/7	24%	-18%	1%
Hain Celestial	HAIN Equity	-11%	-20%	-20%	-14%	-3%	-4%	-46%	24%	34.1	45.6	7/28	31.0	6/23	47%	-25%	10%
Hershey	HSY Equity	-6%	-14%	-13%	-8%	16%	-11%	-6%	16%	97.1	116.5	5/26	95.2	2/22	22%	-17%	2%
Kellogg	K Equity	-2%	-2%	1%	2%	2%	-11%	4%	10%	66.8	75.3	3/17	58.8	10/30	28%	-11%	14%
Kraft Heinz	KHC Equity	-15%	-14%	-18%	-18%	20%	-27%	-9%	-9%	66.7	93.9	6/7	66.4	3/1	41%	-29%	0%
Mondelez	MDLZ Equity	-5%	1%	1%	6%	-1%	-1%	18%	55%	43.4	47.2	6/2	39.2	10/30	21%	-8%	11%
Pinnacle Foods	PF Equity	-13%	-9%	-6%	-10%	26%	-6%	49%	170%	54.0	66.7	6/1	52.8	11/7	26%	-19%	2%
Post Holdings	POST Equity	-2%	-4%	-4%	-12%	30%	-10%	54%	97%	76.1	89.0	4/17	71.1	2/9	25%	-15%	7%
J.M. Smucker	SJM Equity	0%	1%	9%	20%	4%	-11%	9%	31%	125.8	142.0	3/1	99.6	11/7	43%	-11%	26%
TreeHouse Foods	THS Equity	-20%	-24%	-18%	-44%	-8%	-56%	-55%	-36%	37.7	90.4	4/18	36.4	2/15	149%	-58%	4%
Freshpet	FRPT Equity	12%	7%	9%	26%	20%	104%	10%	36%	20.4	20.5	12/21	9.3	3/8	122%	-1%	120%

For more information on any of the covered companies highlighted within this table, contact your SFG sales representative or visit our disclosure website at https://sig.bluematrix.com/sellside/Disclosures.action
Source: Bloomberg; SFG Research

Price target valuation and risks

Kellogg Company(K, Price: $70.25, Price Target: $75.00):

Our price target is $75. We take a 15% discount to our peer group multiple. Applying that multiple to adjusted EBITDA will arrive at a price target of $75.

Downside risks: Continued share loss in the key U.S. categories of RTE cereal and biscuits; K forced to promote to protect share, leading to margin compression; lack of progress in the international business (both in terms of market share and in terms of driving per-capita consumption). Taking the five-year-low P/E of 13.3x on a no-growth EPS scenario of $3.53 (FY15 base) would imply a price of $47.

Upside risks: Innovation driving share gains in key U.S. categories, and also helping to ignite category growth; clear evidence of sustainable growth in the international business; cost savings and strengthened brand equities all leading to higher profit margins; a deal to break up the company, either by merging parts with another F&B company, and/or selling (divesting the remainder). Assuming a 20% EPS CAGR through FY18 (from the FY14 EPS base), and applying the stock's five-year peak P/E of 18.8x would yield a price of $124.

Analyst Certification

I, Pablo Zuanic, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Important Disclosures

SFG is a market maker in the securities of Kellogg Company (K).
Susquehanna International Group, LLP (SIG) is comprised of a number of trading and investment related entities under common control, including Susquehanna Financial Group, LLLP (SFG). SIG, its affiliates and/or its principals may have long or short positions in securities or related issues mentioned here. SIG, in its capacity as specialist and/or market maker may execute orders on a principal basis in the subject securities. Information presented is from sources believed to be reliable, but is not guaranteed to be accurate or complete. Past performance should not be taken as an indication or guarantee of future results. Hyperlinks provided in this report are for your convenience. Please be aware that the products and information supplied on these hyperlinked pages are not endorsed or approved by SFG.

The following data elements on this report were sourced from Bloomberg LP: Price (yesterday's close), 52-week high, 52-week low, Shares outstanding, Average daily trading volume, Volume (contracts). Any others will be specifically sourced.

SFG employs the following rating system:

Positive: We expect this stock to appreciate by at least 15% over the next 12 months.

Neutral: We expect this stock to perform within a range of +/-15 percentage points over the next 12 months.

Negative: We expect this stock to depreciate by at least 15% over the next 12 months. .

Suspended: The previously published rating and/or estimates are currently suspended and under review.

Prior to July 2015 our rating system also required a 20% +/- expected return over 12 months to initiate with a Positive/Negative rating.

Defined Credit Terms

Gross debt + preferred TEV: (Gross Debt + Preferred) / Total Enterprise Value (expressed as a %).

Net debt/EBITDA: Net Debt (gross debt less cash on hand) / EBITDA = forward year EBITDA estimate.

Free cash flow: Forward EBITDA estimate less cash taxes less cash interest less total capex.

FCF yield: FCF Yield ((FCF/ Fully Diluted shares outstanding/current share price) (expressed as a %)).

YTM: Yield-to-maturity ("YTM") implied by any of its bonds outstanding that are due in 5 years ((or closest to)(expressed as a %)).

5-yr treasury yield: 5-year US Treasury yield (expressed as a %).

Volatility Definitions

Volume: The 20-day average option contract volume for the symbol.

Skew Rank: The current day's Skew values compared to the past year's worth of skew values and then rank the current day's value. Past year in the calculation is 252 previous trading days which includes the last trading day.

Implied Volatility: Implied Volatility is the at-the-forward volatility level implied by market option prices for 90 days. While implied volatility is specific to the time frame selected, it is always presented as an annualized standard deviation.

Realized Volatility: It is the Realized Volatility of a financial instrument over 90 days. Generally, this measure is calculated by determining the average deviation from the average price of a financial instrument in the given time period. This measure is frequently compared with implied volatility to determine if options prices are over- or undervalued. It is also known as historical volatility.

Ratings Distribution & Investment Banking Disclosure

Covered companies in each Category	Investment banking client in each category
Positive (Buy) 49.10% (163)	Positive (Buy) 0.00% (0)
Neutral (Hold) 48.49% (161)	Neutral (Hold) 0.00% (0)
Negative (Sell) 2.41% (8)	Negative (Sell) 0.00% (0)

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Rating and Price Target History for: Kellogg Company (K) as of 03-09-2018

Kellogg Company (K) — Overweight

Upgrade to Overweight; More Bullish Following Management Meeting

CONCLUSION

We now expect 8-9% 3-year EPS growth (11% in 2018, 7.5% after) and 1-2% 3-year revenue growth. We consider these estimates achievable and therefore believe valuation is attractive at 15x our 2018E EPS. We project a cash build that should allow for EPS flexibility and/or upside with upside to our buybacks assumptions. We raise our 2018E EPS from $4.44 to $4.45 , our 2019E EPS from $4.70 to $4.80, raise our target from $77 to $80 and upgrade to Overweight from Neutral.

- **Expectations look achievable, maybe beatable.** While new CEO Steve Cahillane did not come in with a 'reset', he is confident in his 2018 plans, which he led. We model -0.5% organic sales declines and 4% organic EBIT growth, both in-line with guidance, but also expect EPS flexibility (and maybe upside) from greater than expected buybacks. We currently project $600M cash at year end, more than double the average level of the last three years. Higher spending paired with easy comps (1Q17's broad consumer softness, low merchandising levels on snacks and Special K, EU Pringles disruptions, Caribbean disruptions) help make us confident that top-line trends can improve.

- **New CEO adds fresh perspective.** Steve Cahillane has already lifted morale at Kellogg by re-focusing on top-line growth. While some of its categories have either current or structural momentum, US cereal remains challenged. While we do not have visibility on specifics yet, Mr. Cahillane is confident in the road map to stabilize US cereal, or at least moderate declines. We believe his experience doing so with better execution at Nature's Bounty (where category trends were favorable but its brands were declining) helps give us confidence that he can steer improvement in cereal.

- **Better than expected RXBAR upside.** We now have a more detailed RXBAR model that drives upside to our EPS estimates. Growth on RXBAR is running at a 'triple digit pace' and we now estimate it to add $235M to 2018 sales (adding $0.02 to EPS), and helping drive 4-5% organic segment growth in 2019 (adding $0.06 to EPS). Management remains disciplined with M&A and called RXBAR an ideal example of its approach.

- **The retail environment is still a risk, but likely less than we had feared.** Though retail has long been competitive, we believe 2017 was a step change in activity. However, the risk of losing shelf space in cereal has not yet played out, and looks less worrisome than we had feared. Cereal is a high margin category that generates big retailer profits, so the push has been to improve velocities rather than cut space. While Campbell has suffered painful retailer pushback in soup, it may be a company-specific one-off situation, and soup's higher PL share (11.7% in 2017 vs. 7.4% for cereal) likely helped make it a target more than cereal would be. Retailers are also benefiting from tax reform, potentially alleviating some pressure and tempering the need to squeeze suppliers (at least a bit).

RISKS TO ACHIEVEMENT OF PT & RECOMMENDATION

Currency moves, input costs and shifting consumer preferences could impact profits.

COMPANY DESCRIPTION

Kellogg markets cereal and convenient foods under brands like Kellogg's and Pringles.

PRICE: US$66.20

Price as of the close February 28, 2018.

TARGET: US$80.00

$80 PT based on ~16.5x our 2019E EPS of $4.80, above its current multiple on our 2018E EPS. We expect K to experience 1-2% revenue growth and 8-9% average annual EPS growth in 2018-20E.

Michael S. Lavery
Sr. Research Analyst, Piper Jaffray & Co.
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Changes	Previous	Current
Rating	Neutral	Overweight
Price Tgt	US$77.00	US$80.00
FY18E Rev (mil)	US$13,116.5	US$13,181.0
FY19E Rev (mil)	US$13,150.0	US$13,330.4
FY18E EPS	US$4.44	US$4.45
FY19E EPS	US$4.70	US$4.80

52-Week High / Low	US$75.31 / US$58.76
Shares Out (mil)	354.0
Market Cap. (mil)	23,435
Total Assets ($mil)	15,427
Avg Daily Vol (000)	3,133
Div (ann)	US$2.23
Yield	3.37%
Fiscal Year End	Dec

Price Performance - 1 Year

Source: Bloomberg

YEAR	REVENUE (US$ m)						EARNINGS PER SHARE (US$)					
	Mar	Jun	Sep	Dec	FY	FY RM	Mar	Jun	Sep	Dec	FY	FY P/E
2017A	3,254.0	3,169.5	3,255.5	3,191.5	12,853.0	1.8x	1.06	0.96	1.04	0.95	4.01	16.5x
2018E	3,329.7	3,256.2	3,313.5	3,281.6	13,181.0	1.8x	1.09	1.09	1.19	1.08	4.45	14.9x
2019E	3,379.1	3,283.8	3,362.7	3,304.8	13,330.4	1.8x	1.21	1.17	1.28	1.14	4.80	13.8x

There may be more upside to RXBAR than we first thought

We had initially included RXBAR's base sales history into our model as an inorganic addition, but we appear to have badly underestimated its current pace of growth, which is on a 'triple digit pace' according to management. In order to better understand the trajectory of its contribution to sales, we estimated its quarterly sales pace, below. We also the extended that forecast into 2019, though with both a slower pace of growth and level of dollar growth, illustrating the 4-5% lift to the organic growth in the North America Other segment that it looks likely to drive, which we had not factored into our estimates. The revision added $0.02 to 2018E EPS and $0.06 to our 2019E EPS.

Exhibit 1

RXBAR projected sales

	1Q17	2Q17	3Q17	4Q17	2017	1Q18E	2Q18E	3Q18E	4Q18E	2018E	2019E
Estimated RXBAR sales	**$ 20.0**	**$ 27.5**	**$ 32.5**	**$ 40.0**	**$ 120.0**	**$ 47.5**	**$ 57.5**	**$ 62.5**	**$ 67.5**	**$ 235.0**	**$ 317.5**
Dollar sales growth	$ 15.0	$ 20.0	$ 22.5	$ 25.0	$ 82.5	$ 27.5	$ 30.0	$ 30.0	$ 27.5	$ 115.0	$ 82.5
Acquired sales				**$ 26.7**	**$ 26.7**	**$ 47.5**	**$ 57.5**	**$ 62.5**	**$ 23.0**	**$ 190.5**	**n/a**
M&A lift to 'N.A. Other'				7.1%	1.7%	12.2%	14.8%	15.0%	5.6%	11.9%	n/a
Organic lift to N.A. Other					n/a	n/a	n/a	n/a	4.3%	1.1%	4.5%

Source: Piper Jaffray & Co

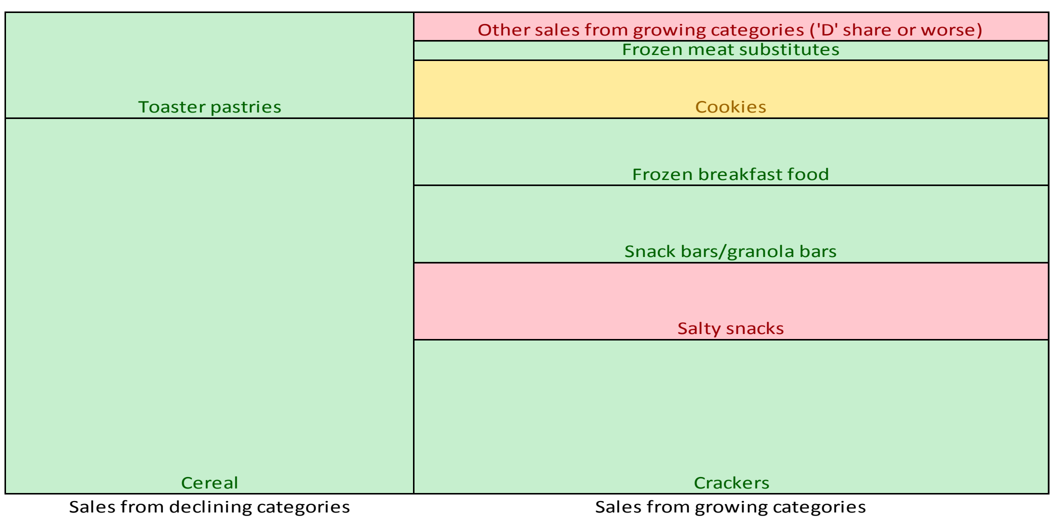
Kellogg's share positions may help support its shelf space at retail

As we try to understand risk to food companies' portfolios in the current retail environment as it relates to impact on shelf space, we examine market share positions and category growth as a way to understand how our large cap food companies are positioned relative to each other. In order to visually show each company's overall position, we separated US portfolios into growing and declining (based on 4-year scanner data history), and then scored each company's category by its share position. We ignore differences in the magnitude of growth or declines, and it does not reflect shifting category trends (i.e., ones that have recently turned from growth to declines, or vice versa), but it gives an idea of how retailers may view companies' portfolios relative to each other. A top share position in a growing category was scored a 4 (dark green), a second place position was given a 3 (light green), a third place share was a 2 (yellow) and a fourth place or worse was scored a 1 (light red). For declining categories, the same scale was used but with all scores shifted down 1 (i.e., a leading position scored a 3 (light green) and fourth or worse was a 0 (dark red).

Kellogg has #1 or #2 positions in 78% of its portfolio

Exhibit 2

Kellogg Portfolio Map by Category Growth, Share Position

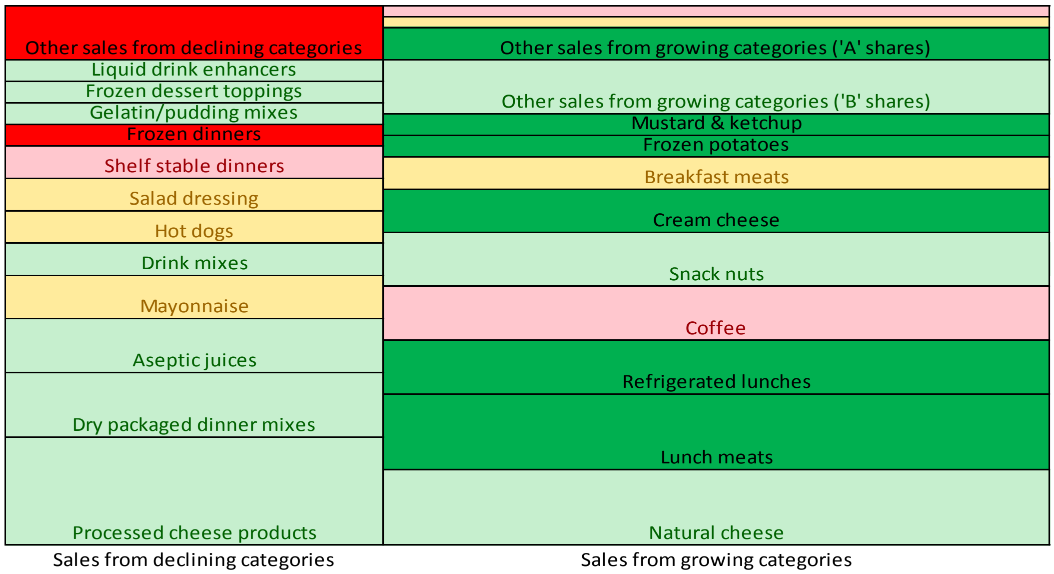


Source: IRI, Piper Jaffray & Co

Kellogg has leading positions in cereal (narrowly) and toaster pastries, though both have declined. In growing categories, it has several #2 share positions, notably crackers and snack/granola bars.

Exhibit 3

Kraft Heinz Portfolio Map by Category Growth, Share Position



Source: IRI, Piper Jaffray & Co

Among competitors, KHC has a #1 or #2 position in 80% of its portfolio, and it has 65% of its sales from growing categories. Quantifying an overall portfolio score based on share positions across categories has inherent imprecision, but on the scale used in our analysis, Kellogg scored a 2.6 overall on a weighted basis, roughly in-line with KHC (2.7) and behind Mondelez at 3.5. General Mills was next (2.3), and then Campbell with a score of 2.0.

Mondelez is #1 or #2 in categories that make up 91% of its portfolio

Exhibit 4

Mondelez Portfolio Map by Category Growth, Share Position

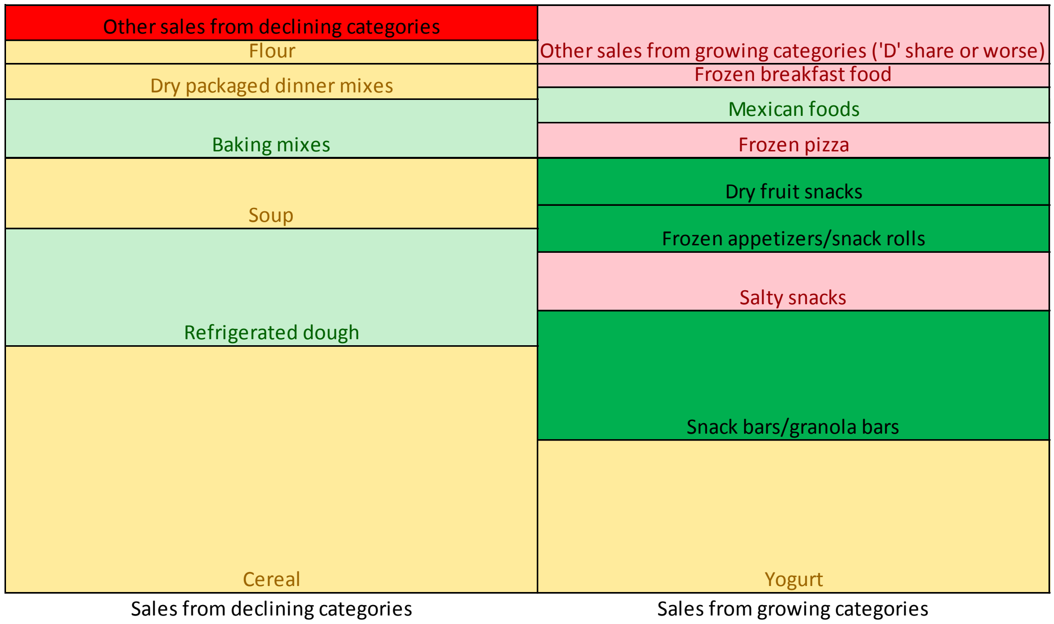
Source: IRI, Piper Jaffray & Co

Mondelez has a very concentrated portfolio and has share leadership in its two largest, growing categories (cookies and crackers).

General Mills faces headwinds in its largest categories

Exhibit 5

General Mills Portfolio Map by Category Growth, Share Position



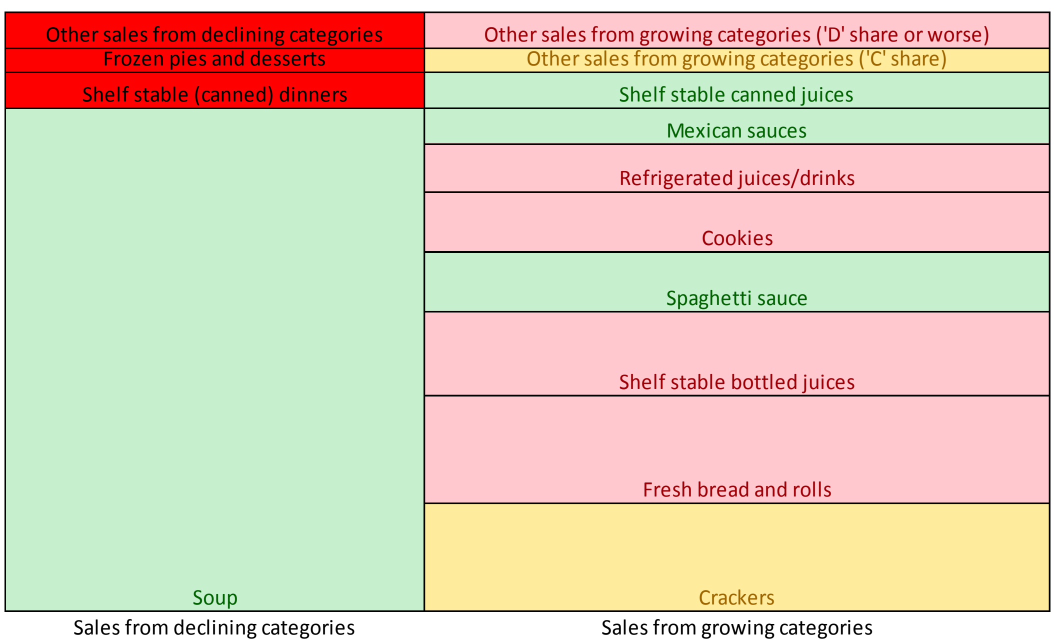
Source: IRI, Piper Jaffray & Co

General Mills has leading positions in a few growing, on-trend snack categories, but is in third place in yogurt, where it continues to lose share. It only narrowly trails Kellogg in cereal, though that category is declining. Campbell has several categories with a third place (or worse) share position, including cookies, crackers, and juices.

Campbell has share leadership only in soup, which has been declining

Exhibit 6

Campbell Soup Portfolio Map by Category Growth, Share Position



Source: IRI, Piper Jaffray & Co

Price Target to $80

For our $80 target price ($77 prior), we apply a ~16.5x multiple (unchanged) to our 2019E EPS estimate of $4.80, above its current 15x multiple on our 2018E EPS. We could see some potential upside to our target multiple if Kellogg can stabilize its organic revenue growth, which could add momentum and visibility to EPS growth.

PE of 15.0x is now slightly below its 15.5x historical average

Exhibit 7

PE Multiple comparisons

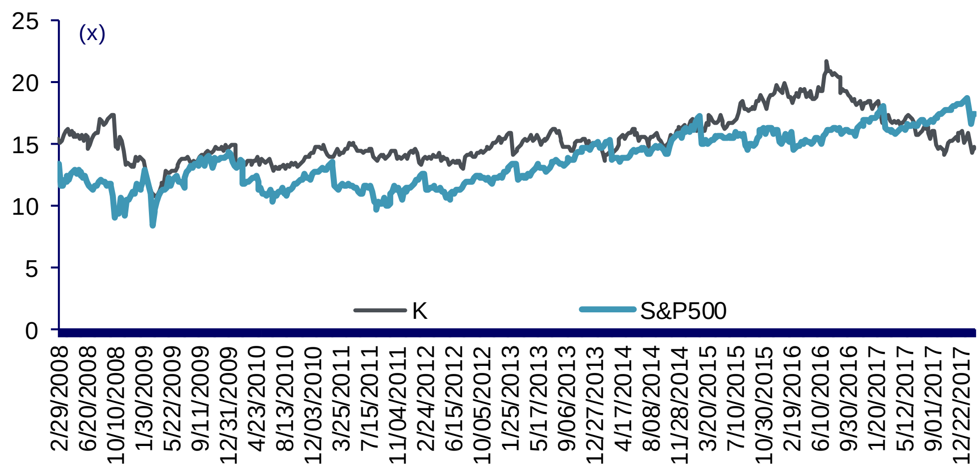
	Historical	Current	Target
Kellogg's multiple range	10.8-21.7x	15.0x	~16.5x
Kellogg vs consumer peers	4% discount	14% discount	5% discount
Kellogg vs SPX	14% premium	14% discount	4% discount

Source: FactSet, Piper Jaffray & Co

Kellogg's shares have traded within a PE range of 10.8-21.7x over the last ten years, including the recent rise in the shares and the doom-and-gloom of late 2008/early 2009. Its average 10-year historical multiple was 15.5x. The shares are currently trading slightly below its historical range at 15.0x our 2018 EPS estimate of $4.45.

Exhibit 8

Kellogg PE versus S&P500



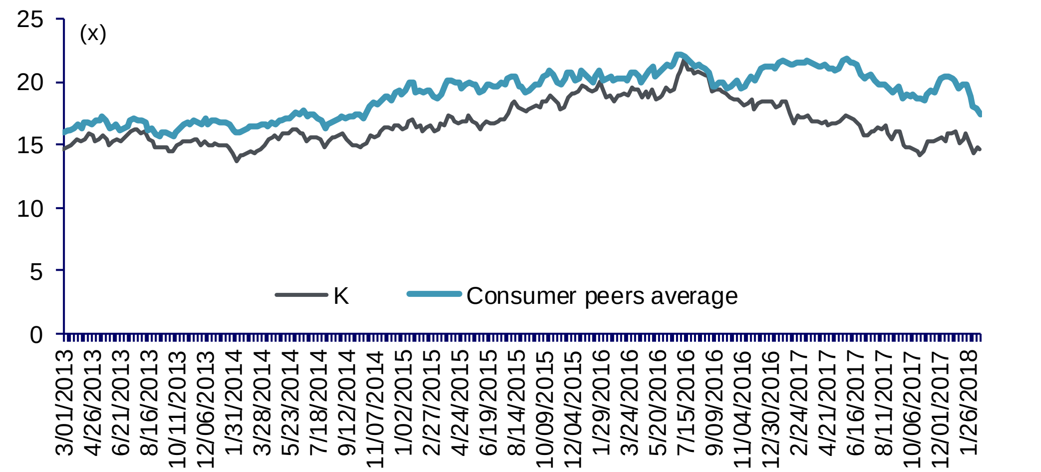
Source: Factset, Piper Jaffray & Co

Valuation gap widens versus consumer peers

Kellogg has tended to trade at a slight discount to the average of consumer peers, likely due to slower top-line and bottom-line growth versus peers in recent years. We looked at PE multiples for a set of consumer peers that includes Altria, Hershey, Church & Dwight, General Mills, Campbell Soup, Kraft Heinz, DPS, ConAgra, and Clorox. At current valuation levels, the stock is trading at a 14% discount to its consumer peers versus a historical discount of about 4%.

Exhibit 9

Kellogg PE versus consumer peers



Note: Consumer peers include Altria, Hershey, DPS, RAI, Church & Dwight, General Mills, Campbell Soup Company, Kraft Heinz, ConAgra, and Clorox. Source: Factset, Piper Jaffray & Co

We see 19% upside to our $80 target price

Kellogg's shares currently trade at 13.8x our 2019E EPS. Our US$80 target price applies a ~16.5x multiple to 2019E EPS of US$4.80. We believe this is appropriate given expected margin expansion and acceleration of operating income and EPS growth. We expect Kellogg to have 1-2% three-year average sales growth and 8-9% average EPS growth. Kellogg's 1.6x PE/Growth ratio is below the 3x average of its food peers in our coverage.

DCF supports our US$80 target

Our discounted-cash flow (DCF) model renders a mid-point valuation of US$80. We assume a terminal-growth rate of 1.5% and a weighted-average cost of capital of 7.0%. Our estimate includes a compound annual free cash flow growth rate of just 2-3%, with improving top-line growth (from declines to up 1-2%) and operating margins reaching 18% by 2026.

Exhibit 10

DCF assumptions

Assumptions	
Kellogg's beta	0.66
Equity Risk Premium	5.0%
10-year Treasury Bond risk-free rate	5.0%
Target Equity / Total Capital	75.2%
Target Debt / Total Capital	24.8%
Cost of equity	8.3%
Cost of debt	4.0%
After-tax cost of debt	3.2%
Weighted Average Cost of Capital	7.0%
Terminal grow th	1.5%
Public to private discount	0.0%
Shares outstanding	352
12-month Implied Valuation	**$79.77**

Source: Piper Jaffray & Co

Exhibit 11

DCF sensitivity analysis

		WACC				
		6.0%	6.5%	7.0%	7.5%	8.0%
Terminal-growth assumption	0.5%	$ 87.18	$ 77.76	$ 69.80	$ 62.97	$ 57.07
	1.0%	$ 94.22	$ 83.39	$ 74.37	$ 66.74	$ 60.20
	1.5%	$ 102.82	$ 90.15	$ 79.77	$ 71.12	$ 63.81
	2.0%	$ 113.55	$ 98.39	$ 86.25	$ 76.30	$ 68.02
	2.5%	$ 127.31	$ 108.67	$ 94.15	$ 82.51	$ 72.98

Source: Piper Jaffray & Co

The DCF value is sensitive to the terminal-growth rate assumed, where a 0.5% terminal-growth rate indicates a value closer to US$70 and a 2.5% terminal-growth rate points to a value around US$94. It is also sensitive to our WACC assumptions; if either assumed rate is adjusted by 1ppt up or down, the resulting implied valuation could range from US$64-102.

Exhibit 12

DCF model

($mm - FYE Dec)	2015	2016	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Sales	$13,527	$12,994	$12,853	$13,181	$13,330	$13,463	$13,603	$13,752	$13,909	$14,075	$14,250	$14,435
% change	-7.2%	-3.9%	-1.1%	2.6%	1.1%	1.0%	1.0%	1.1%	1.1%	1.2%	1.2%	1.3%
Operating income	$1,939	$2,003	$1,887	$2,033	$2,103	$2,168	$2,245	$2,325	$2,407	$2,492	$2,580	$2,671
% change	-8.5%	3.3%	-5.8%	7.8%	3.4%	3.1%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%
margin	14.3%	15.4%	14.7%	15.4%	15.8%	16.1%	16.5%	16.9%	17.3%	17.7%	18.1%	18.5%
Interest expense	$227	$253	$256	$307	$302	$294	$294	$294	$294	$294	$294	$294
Cash taxes	$410	$432	$489	$401	$414	$429	$400	$416	$433	$451	$469	$487
Cash tax rate	24.6%	24.5%	25.9%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%
NOPAT	**$1,529**	**$1,571**	**$1,398**	**$1,632**	**$1,688**	**$1,739**	**$1,845**	**$1,909**	**$1,974**	**$2,042**	**$2,112**	**$2,184**
D&A	$534	$517	$481	$481	$481	$481	$486	$491	$497	$503	$509	$516
D&A % of sales	3.9%	4.0%	3.7%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Capex	($553)	($507)	($501)	($501)	($501)	($501)	($493)	($484)	($490)	($496)	($502)	($508)
Capex % of sales	4.1%	3.9%	3.9%	3.8%	3.8%	3.7%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%
Change in w orking capital	$267	$205	$186	$109	$129	$162	$145	$153	$149	$151	$150	$151
Free cash flow to firm	$1,777	$1,786	$1,564	$1,722	$1,797	$1,881	$1,984	$2,069	$2,131	$2,200	$2,269	$2,342
% change	1.6%	0.5%	-12.4%	10.1%	4.4%	4.7%	5.5%	4.3%	3.0%	3.3%	3.1%	3.2%

Source: Piper Jaffray & Co

($mm - FYE Dec)	MAR 1Q17	JUN 2Q17	SEP 3Q17	DEC 4Q17	2017	MAR 1Q18E	JUN 2Q18E	SEP 3Q18E	DEC 4Q18E	2018E	MAR 1Q19E	JUN 2Q19E	SEP 3Q19E	DEC 4Q19E	2019E
INCOME STATEMENT															
Sales	**$3,236.5**	**$3,169.5**	**$3,255.5**	**$3,191.5**	**$12,853.0**	**$3,329.7**	**$3,256.2**	**$3,313.5**	**$3,281.6**	**$13,181.0**	**$3,379.1**	**$3,283.8**	**$3,362.7**	**$3,304.8**	**$13,330.4**
Sales growth	-4.2%	-2.9%	0.0%	3.1%	-1.1%	2.9%	2.7%	1.8%	2.8%	2.6%	1.5%	0.8%	1.5%	0.7%	1.1%
Cost Of Goods	$2,055.5	$1,959.5	$2,004.5	$1,988.5	$8,008.0	$2,125.7	$2,057.5	$2,074.1	$2,090.4	$8,347.7	$2,128.2	$2,064.3	$2,091.2	$2,105.1	$8,388.8
As % of Sales	63.5%	61.8%	61.6%	62.3%	62.3%	63.8%	63.2%	62.6%	63.7%	63.3%	63.0%	62.9%	62.2%	63.7%	62.9%
Gross profit	$1,181.0	$1,210.0	$1,251.0	$1,203.0	$4,845.0	$1,204.0	$1,198.7	$1,239.4	$1,191.2	$4,833.2	$1,250.9	$1,219.5	$1,271.5	$1,199.7	$4,941.6
Gross margin	36.5%	38.2%	38.4%	37.7%	37.7%	36.2%	36.8%	37.4%	36.3%	36.7%	37.0%	37.1%	37.8%	36.3%	37.1%
SG&A	$727.0	$738.0	$753.0	$740.0	$2,958.0	$709.2	$693.6	$705.8	$699.0	$2,807.5	$719.7	$699.5	$716.3	$703.9	$2,839.4
As % of Sales	22.5%	23.3%	23.1%	23.2%	23.0%	*21.3%*	*21.3%*	*21.3%*	*21.3%*	*21.3%*	*21.3%*	*21.3%*	*21.3%*	*21.3%*	*21.3%*
Operating Income	**$454.0**	**$472.0**	**$498.0**	**$463.0**	**$1,887.0**	**$494.7**	**$505.1**	**$533.6**	**$492.2**	**$2,025.7**	**$531.1**	**$520.1**	**$555.2**	**$495.8**	**$2,102.2**
EBIT Growth	-12.7%	-6.9%	3.3%	-6.3%	-5.8%	9.0%	7.0%	7.1%	6.3%	7.3%	7.4%	3.0%	4.1%	0.7%	3.8%
EBIT Margin	14.0%	14.9%	15.3%	14.5%	14.7%	14.9%	15.5%	16.1%	15.0%	15.4%	15.7%	15.8%	16.5%	15.0%	15.8%
Other Inc (Expense), Net	$70.0	$61.0	$65.0	$59.0	$255.0	$63.0	$54.9	$58.5	$53.1	$229.5	$59.9	$52.2	$57.0	$51.8	$220.8
Interest Expense	$61.0	$63.0	$64.0	$68.0	$256.0	$75.7	$77.4	$76.7	$76.7	$306.5	$72.4	$75.8	$76.7	$76.7	$301.7
Pretax Income	**$463.0**	**$470.0**	**$499.0**	**$454.0**	**$1,886.0**	**$482.0**	**$482.6**	**$515.4**	**$468.6**	**$1,948.6**	**$518.6**	**$496.4**	**$535.5**	**$470.8**	**$2,021.4**
Income Taxes	$91.0	$133.0	$140.0	$125.0	$489.0	$98.8	$98.9	$105.7	$96.1	$399.5	$106.3	$101.8	$109.8	$96.5	$414.4
Tax Rate	*19.7%*	*28.3%*	*28.1%*	*27.5%*	*25.9%*	*20.5%*	*20.5%*	*20.5%*	*20.5%*	*20.5%*	*20.5%*	*20.5%*	*20.5%*	*20.5%*	*20.5%*
Earnings From Joint Venture	$2.0	$0.0	$3.0	$2.0	$7.0	$0.0	-$2.0	$1.0	-$2.0	($3.0)	$2.0	$0.0	$2.0	$1.0	$5.0
Net Income	$374.0	$337.0	$362.0	$331.0	$1,404.0	$383.2	$381.7	$410.7	$370.5	$1,546.2	$414.3	$394.7	$427.8	$375.3	$1,612.0
EPS	**$1.06**	**$0.96**	**$1.04**	**$0.95**	**$4.01**	**$1.09**	**$1.09**	**$1.19**	**$1.08**	**$4.45**	**$1.21**	**$1.17**	**$1.28**	**$1.14**	**$4.80**
EPS growth	**9.3%**	**5.6%**	**8.3%**	**3.3%**	**6.7%**	**2.9%**	**14.1%**	**14.0%**	**13.5%**	**11.0%**	**11.0%**	**6.9%**	**8.3%**	**5.4%**	**7.9%**
Dividends Per Share	$0.52	$0.52	$0.54	$0.54	$2.12	$0.54	$0.54	$0.57	$0.57	$2.21	$0.57	$0.57	$0.60	$0.60	$2.32
Dividend growth	4.0%	4.0%	3.8%	3.8%	3.9%	3.8%	3.8%	5.0%	5.0%	4.4%	5.0%	5.0%	5.0%	5.0%	5.0%
Shares Outstanding	**354.0**	**352.0**	**348.0**	**347.0**	**350.3**	**352.4**	**349.4**	**346.4**	**342.4**	**347.7**	**343.1**	**338.1**	**333.1**	**329.1**	**335.8**

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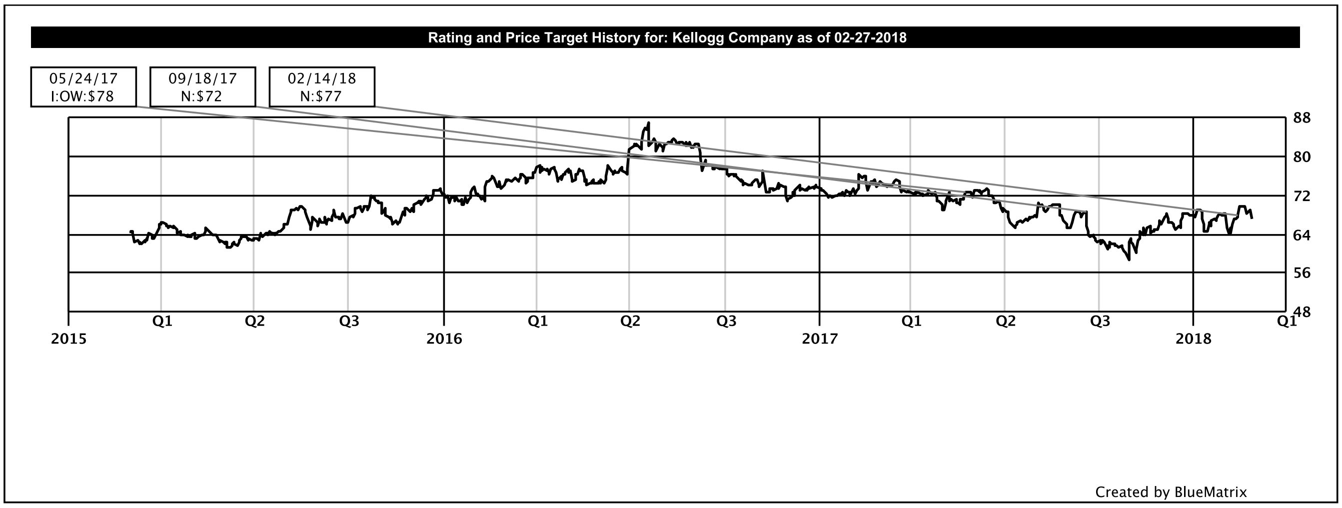
IMPORTANT RESEARCH DISCLOSURES



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N: Neutral
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February 12, 2018 05:01 AM GMT

Kellogg Co.

20 Questions for Management Post-Q4 Results

Stock Rating	Industry View	Price Target
Equal-weight	In-Line	$70.00

Following 4Q17 results and ahead of CAGNY, we provide a list of relevant questions for company management.

1) 2018 sales guidance: Your 2018 organic sales guidance of -1% to -2%, including a ~1% headwind from the DSD transition, implies a relatively muted growth outlook (flat to -1% underlying) despite recent innovation, increased A&C spend, and easier prior year comparisons. Is this intended to be a conservative initial outlook, and what do you see as the key drivers behind potential upside / downside to this target? Do you envision any incremental competitive and/or shelf space disruption within US Snacks?

2) 2018 reinvestment/EPS growth: 2018 is positioned as a reinvestment year, with EBIT growth forecast up 4-6% despite an incremental ~11% tailwind from cost savings, and EPS up 4-5% ((excluding a 5-6% benefit from tax reform) reflecting increased investment brand-building support. Can you elaborate on the key near-term sources of investment, and what brands / regions will likely receive outsized support? Given that your restated EBIT margins (14.7% in 2017) are well below peers, how much opportunity do you see to close this gap and do you see room for further margin expansion beyond your +350 bps target between 2016 and 2018?

3) Retailer landscape: How would you characterize the current retailer landscape, and – given the headlines pointing toward higher levels of competition (e.g., AMZN/WFM, hard discounter expansion) – have you seen evidence of increased retailer-funded promotion in your categories? Alternatively, have you seen any evidence of retailers, who appear to be facing margin pressure of their own, pushing for greater pricing concessions or becoming more aggressive in negotiations? Additionally, are weak consumption trends in selected categories (e.g., cereal) resulting in any moves by retailers to reduce shelf space allocations for these categories?

4) DSD Exit: The DSD exit appears to have progressed well, with US Snacks 2H17 EBIT +40% despite revenue down 5.6%. Can you elaborate on how much of the topline decline is driven by SKU rationalization versus pricing adjustments, and what steps are you taking to ensure that you can maintain a competitive merchandising presence and retain the majority of your prior shelf space? Are you seeing evidence of competitors more actively promoting their own products and seeking to take advantage of potential disruptions in your execution, or any shifts in shelf space by key retailers?

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Kellogg Co. (K.N, K US)

Food / United States of America

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	**$70.00**
Shr price, close (Feb 9, 2018)	$67.33
Mkt cap, curr (mm)	$23,387
52-Week Range	$76.69-58.76

Fiscal Year Ending	**12/17**	**12/18e**	**12/19e**	**12/20e**
EPS ($)**	4.01	4.41	4.64	4.87
Prior EPS ($)**	-	-	-	-
Consensus EPS ($)§	**4.04**	**4.36**	**4.61**	**4.81**
ModelWare EPS ($)	**4.01**	**4.41**	**4.64**	**4.87**
P/E	**17.0**	**15.3**	**14.5**	**13.8**
Div yld (%)	3.1	3.3	3.5	3.7

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Thomson Reuters Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2017	2018e Prior	2018e Current	2019e Prior	2019e Current
Q1	1.05	-	1.03	-	-
Q2	0.96	-	1.09	-	-
Q3	1.05	-	1.17	-	-
Q4	0.95	-	1.12	-	-

e = Morgan Stanley Research estimates

5) Snacks category growth: Once you lap the DSD-specific factors impacting US Snacks (i.e., inventory build/list price reductions), what would you consider a reasonable growth rate for the business going forward, particularly in light of weaker consumption trends across the overall US Food industry? In which categories are you seeing the biggest improvement, and should we expect continued focus on your recent initiatives (i.e. managing price points, introducing smaller packaging formats and increasing media spend behind brands such as Keebler)?

6) US cereal: Cereal category declines have moderated over the last several months, with the category down ~2.3% and Kellogg declining 4.0% in measured channels during the 12-week period ended 1/27/18. General Mills is driving category improvement (+1.8%) but appears to be highly promotional (% sold on promo +700 bps YoY). What is driving the competitive activity in the category, and would you consider the current balance between promotional and innovation to be at appropriate levels? What specific areas of innovation / marketing you are targeting to mitigate consumers' shift away from the category, and do you believe that the category can grow over the next 2-3 years?

7) Morning Foods margins: What drove the meaningful contraction in Morning Foods margins in 4Q17 (-393 bps YoY) to their lowest levels (16.8%) since 4Q15? Given your plans to increase A&C investment in 2018, should we expect this pressure on margins to persist throughout 2018? Do you believe you have the right balance between profitability in reinvestment in the segment, and is it necessary to spend more aggressively behind areas such as product renovation or trade support?

8) Special K: Special K performance started to stabilize in recent periods, with the brand's market share flat in Q4 after declining in the first three quarters. Can you discuss your ongoing efforts to revitalize the brand's marketing proposition through a shift away from weight management to wellness, and do you see to see continued improvement in its sales trends during 2018? Lastly, how has the brand's wholesome snack portfolio performed relative to cereal, and what are your key initiatives to drive improvement in this segment of the portfolio?

9) Kashi: You have been making a significant effort to revive the Kashi brand, with a range of innovation, a shift to non-GMO ingredients, new packaging, and investment behind the team and organization. However, recent sales performance has been impacted by your decision to exit noncore and less profitable SKUs, promotions, and categories. Are you happy with the brand's current level of turnaround progress, and how confident are you in a return to both distribution and sales growth over the over the coming year?

10) Europe: Your internal sales in Europe were a standout in Q4, increasing 3% as the segment recovered from 1H17 customer negotiations related to new Pringles new price pack architecture. Do you anticipate similar levels of growth in 1H18 as your lap last year's easier comparisons? Looking past this dynamic, what do you see as the underlying rate of consumption growth within your portfolio in the region, and what factors drive your confidence in improved trends during the back half? Do you foresee the risk of similar disruptions emerging if it becomes necessary to negotiate for pricing elsewhere in the portfolio?

11) Latin America: Internal sales declines within the region have started to moderate (-0.5%) during 4Q17 as you moved past challenges associated with the distributor transition in the Caribbean and Central America, but you indicated the business was impacted by hurricanes in Q4. Do you expect topline growth to return to positive levels in upcoming quarters? What kind of topline benefit do you anticipate from your Parati acquisition in Brazil in 2018 and when you do expect this deal to be accretive to EPS?

12) ZBB/Project K: Your expanded savings target now encompass ZBB savings of $450-500 MM by 2018 and project K savings from $425-475 MM to $600-700 MM by 2019. Can you highlight the key areas in which you have been able to identify incremental cost savings over the course of the program, and roughly how these savings break down between US and international? What has the organizational response been to this level of anticipated cost savings and what measures do you have in place to ensure that you can successfully execute on these cost savings?

13) Gross Margin: Can you discuss the factors contributing to your outlook for" flat to slightly up" gross margins in 2018, and to what extent the DSD transition could weigh on the company's overall adjusted gross margins? In particular, how significant are the headwinds from the DSD exit, as well as higher logistics expenses (up double digit in Q4 and +HSD in 2018)? What are the other puts and takes embedded into your 2018 GM outlook?

14) Inflation outlook: You outlined your expectation of modest cost inflation in 2018, reflecting increased logistics costs. How much of your material input cost basket is currently locked in via hedging and forward visibility on pricing? Which inputs present the most risk to your deflation expectation, and how do you expect net inflation (relative to productivity) to trend?

15) Advertising: What impact do you believe advertising / brand-building reductions have had on the company's topline performance during the past several years (i.e., down ~35% in absolute from 2013-16, and ~200 bps as a % of sales). Given the company plans to significantly invest in higher advertising and consumer promotions in 2018, ado you believe the company cut too deeply into marketing budgets? What steps are you taking currently to improve marketing efficiency / ROI, and where do they see advertising as a % of sales going forward?

16) Pension accounting: Your pension expense has incorporated a number of flattering assumptions, such as an ~8.5% expected return on asset figure which stands at the high end of the peer set. Given the recent change in pension accounting guidelines and your decision to reduce your EROA, how much of a headwind will this change be to your EPS growth in 2018? What changes have you made to your EROA assumption and investment mix?

17) Cash Conversion: K has a very attractive cash conversion cycle (-9 in 2017), as your Days Payable has increased meaningfully (103 vs. 92 in 2016). Can you elaborate on the initiatives that have helped your cash conversion cycle such as extending accounts payables and how sustainable is this? What factors are contributing to your outlook for increasing FCF in 2018 to ($1.2-1.23Bn).

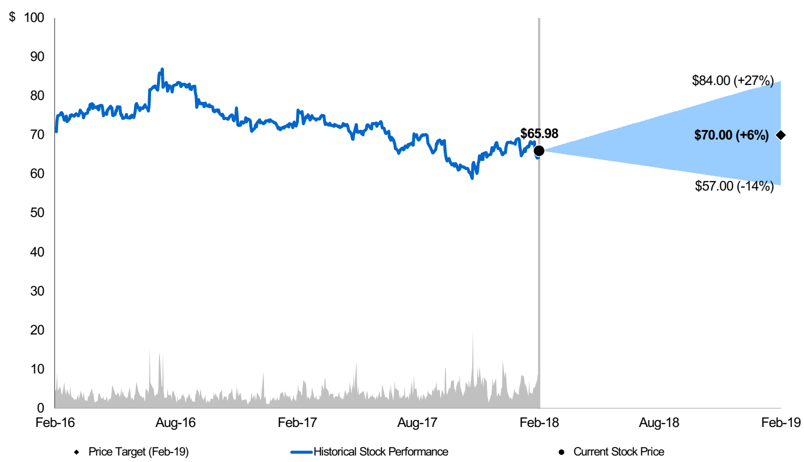
18) M&A priorities: What are your key priorities for geographic expansion, and as you weigh the pros and cons of expanding your footprint in EMs vs. building scale in snacks, how do you balance the two? What drove your decision to acquire RXBar and how should we think about this brand's growth potential? Should we expect to see an acceleration in acquisitions now that the bulk of Project K's cash spend in behind you?

19) EM bolt-on acquisitions: Can you discuss the performance of your investments in both Egypt and West Africa? Do you feel you have sufficient scale in the regions for the time being, or should we expect you to consider incremental investments in both the Middle East and Africa going forward? What percentage of the company's total sales are now generated within Emerging Markets?

20) Kellogg Trust: How do you interact with the Kellogg Trust, and what can you say about how the Trust manages its holdings in K? Does the concentration of ownership between the Trust, Gund family and management (~29% combined) provide the company with a meaningful buffer against external pressure (activism, etc.)?

Risk Reward: Kellogg Co (K, Equal-weight, PT $70)

Risk-Reward: Cost savings momentum and improving topline provide balanced risk-reward



Source: Thomson Reuters, Morgan Stanley Research

Price Target **$70**

PT Based on 16.0x 2019e P/E, a slight discount to our overall US Food coverage given below-average growth prospects.

Bull **$84**

18.0x Bull Case 2019e P/E

Low-double-digit EBIT growth, with a return to positive sales trends: Reinvestment initiatives and successful innovation improves NA segment top-line, leading to ~2% internal sales growth. EBIT growth increases +LDD given accelerated margin expansion of 150 bps, and the combination of improved growth and ongoing strategic speculation results supports both mid-teens EPS growth and re-rating.

Base **$70**

16.0x Base Case 2019e P/E

Sequential improvement in sales trends, with K delivering on near-term margin objectives: Organic sales growth down ~2% YoY in 2018 but slight increase in 2019. Increased ZBB savings and ongoing Project K benefits support both ongoing reinvestment and 3%+ EBIT growth in 2019, resulting in constant currency EPS growth of ~6.

Bear **$57**

14.0x Bear Case 2019e P/E

Continued internal sales declines weigh on margin expansion: Ongoing reinvestment generates limited payback, as internal sales continue to decline MSD and operating profit grows only minimally in F2018. Valuation de-rates to a more material discount versus industry peers.

Investment Thesis

- **Increasingly robust cost savings support improved EPS growth:** K has started to more aggressively reduce costs – in response to mounting industry pressure – through incremental cost savings initiatives. As a result, we believe it is now positioned to deliver on its 2016 outlook for EPS growth of 6-8% as it should benefit from more meaningful cost savings realization over the next year.
- **Evidence of improving topline growth:** While we remain cautious on K's topline prospects, several indicators suggest the company could see renewed top line momentum over the next year driven by increased flexibility to reinvest into brand building/product innovation, recent improvements in US cereal sales, and improved velocities across K's US business.
- **Valuation is warranted:** K should trade in line with food peers given its improved mid-term growth outlook and enhanced EPS flexibility.

Key Value Drivers

- Category growth in US/global cereal
- Input cost inflation &pricing realization
- Sustainability of productivity efforts
- Cost savings from project K and ZBB

Potential Catalysts

- Continued sales declines
- Market share losses in US cereal
- Continued downward earnings revisions

Risks to Achieving Price Target

- Potential bolt-on M&A or an acquisition by a strategic or financial buyer
- Significantly lower or higher than expected margin expansion or topline growth from K's cost savings and brand-building initiatives
- Further deterioration in US cereal

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(as of January 31, 2018)

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Overweight/Buy	**1173**	**37%**	**318**	**41%**	**27%**	**571**	**39%**
Equal-weight/Hold	**1390**	**44%**	**359**	**47%**	**26%**	**653**	**45%**
Not-Rated/Hold	**53**	**2%**	**5**	**1%**	**9%**	**8**	**1%**
Underweight/Sell	**564**	**18%**	**90**	**12%**	**16%**	**219**	**15%**
TOTAL	**3,180**		**772**			**1451**	

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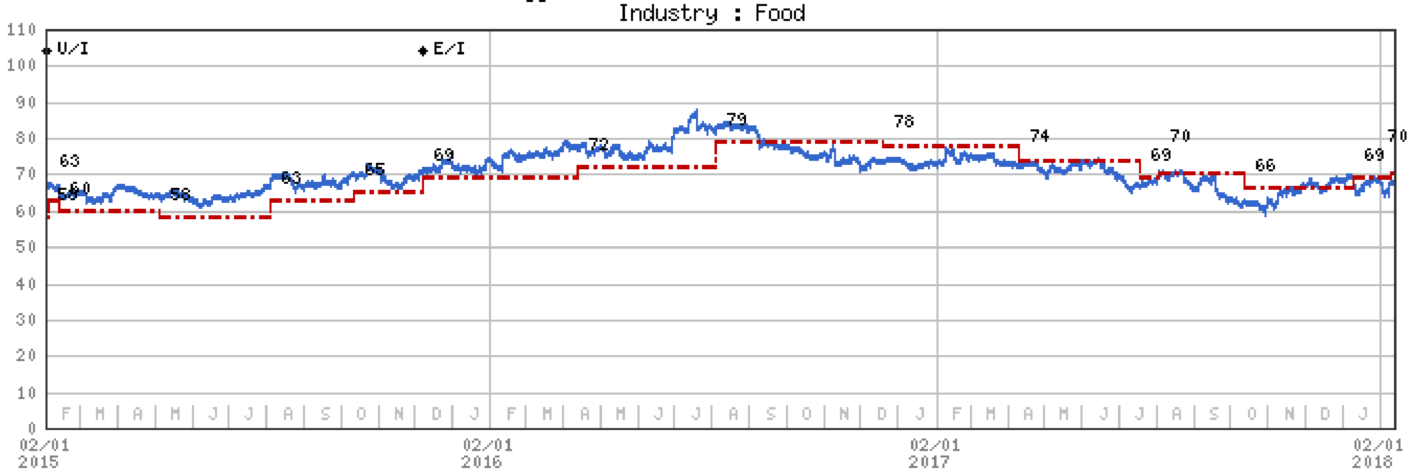
Stock Price, Price Target and Rating History (See Rating Definitions)

Kellogg Co. (K.N) - As of 2/11/18 in USD
Industry : Food



Stock Rating History: 2/1/15 : U/I; 12/8/15 : E/I

Price Target History: 9/30/14 : 58; 2/3/15 : 63; 2/12/15 : 60; 5/5/15 : 58; 8/4/15 : 63; 10/12/15 : 65; 12/8/15 : 69; 4/13/16 : 72; 8/4/16 : 79; 12/19/16 : 78; 4/10/17 : 74; 7/18/17 : 69; 8/3/17 : 70; 10/13/17 : 66; 1/10/18 : 69; 2/9/18 : 70

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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INDUSTRY COVERAGE: Food

COMPANY (TICKER)	RATING (AS OF)	PRICE* (02/09/2018)
Matthew Grainger		
Campbell Soup Co (CPB.N)	U (02/13/2012)	$45.73
ConAgra Brands (CAG.N)	O (07/02/2015)	$35.56
Dean Foods Co (DF.N)	E (01/17/2018)	$9.45
General Mills Inc (GIS.N)	E (09/02/2015)	$54.72
Hershey Co (HSY.N)	U (01/10/2018)	$99.67
Hostess Brands Inc (TWNK.O)	E (09/25/2017)	$13.07
J. M. Smucker Co (SJM.N)	U (04/10/2017)	$119.52
Kellogg Co. (K.N)	E (12/08/2015)	$67.33
Kraft Heinz Co (KHC.O)	O (02/19/2017)	$71.38
Lamb Weston (LW.N)	E (11/10/2016)	$54.46
Mondelez International Inc (MDLZ.O)	O (02/13/2012)	$42.14
Pinnacle Foods Inc (PF.N)	O (04/10/2017)	$57.44

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

BARCLAYS

Equity Research

Consumer | U.S. Food

9 February 2018

Kellogg Co.

Getting (Ce)Real

We were most struck by new CEO Steve Cahillane's remarks on yesterday's 4Q17 conference call regarding the role that the U.S. Morning Foods business (~21% of total sales) is expected to play moving forward. Specifically, CEO Cahillane stated numerous times that he believes K can "stabilize" its U.S. Morning Foods business (of which we believe ~70-75% is U.S. Cereal), and also noted that it is not expected to be a "growth engine" within the portfolio. While we recognize that this business has not been a growth engine for some time, frankly, CEO Cahillane's qualification of the portfolio role felt a bit different from K's comments as recently as CAGNY last year, when it seemed to us that some level of modest growth was eventually expected.

To be sure, we recognize that K may not necessarily be "giving up" on growing its U.S. Morning Foods segment – and specifically U.S. Cereal – as evidenced by the planned investment and probiotic innovation. But, with accelerating U.S. Cereal category declines over the past few years (from -1% YOY in 2015 to -3% YOY in 2017), perhaps K is simply being more pragmatic about where investors should expect growth to come from and also more thoughtful about where investment ought to flow – a strategy that has paid dividends for others. As such, we can understand how many investors could well see this more prudent approach by K's new CEO as a logical one. Still, it's just that our aspiration of a K recovery has long been based on some modest growth in U.S. Cereal -- the leverage from which is undeniable.

Along these lines, we believe that K's 2018 guidance does not necessarily require U.S. Cereal growth, which, in our view, would seem to de-risk estimates quite a bit. That said, as we illustrate in this note, we find it interesting that if we assume flat U.S. Morning Foods performance going forward (and anchor the rest of the portfolio to the targets laid out at K's 2015 Investor Day), it could make the higher end of K's long-term top-line growth algorithm (+1-3% YOY) a bit tougher to reach, over time. Interestingly, we'd expect K to address its longer term strategic plan at the upcoming CAGNY conference, with likely comments on its long-term top-line and EPS growth algorithm. *PT to $69 on higher CY18 EPS estimate.*

K: Quarterly and Annual EPS (USD)

	2017	2018			2019			Change y/y	
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2018	2019
Q1	1.05A	N/A	1.08E	1.08E	N/A	N/A	1.16E	3%	N/A
Q2	0.96A	N/A	1.07E	1.08E	N/A	N/A	1.15E	11%	N/A
Q3	1.05A	N/A	1.23E	1.11E	N/A	N/A	1.19E	17%	N/A
Q4	0.95A	N/A	1.12E	1.05E	N/A	N/A	1.13E	18%	N/A
Year	4.01A	4.32E	4.50E	4.32E	N/A	4.85E	4.61E	12%	8%
P/E	16.4		14.7			13.6			

Source: Barclays Research.
Consensus numbers are from Thomson Reuters

Stock Rating	UNDERWEIGHT Unchanged
Industry View	NEUTRAL Unchanged
Price Target	USD 69.00 raised 3% from USD 67.00

Price (08-Feb-2018)	USD 65.98
Potential Upside/Downside	+4.6%
Tickers	K

Market Cap (USD mn)	22794
Shares Outstanding (mn)	345.47
Free Float (%)	99.35
52 Wk Avg Daily Volume (mn)	2.8
52 Wk Avg Daily Value (USD mn)	186.22
Dividend Yield (%)	3.3
Return on Equity TTM (%)	61.57
Current BVPS (USD)	6.41

Source: Thomson Reuters

Price Performance	Exchange-NYSE
52 Week range	USD 76.69-58.76

Link to Barclays Live for interactive charting

U.S. Food

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PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 6.

U.S. Food — **Industry View: NEUTRAL**

Kellogg Co. (K)

Stock Rating: UNDERWEIGHT

Income statement ($mn)	2017A	2018E	2019E	2020E	CAGR
Revenue	12,853	13,219	13,421	13,687	2.1%
EBITDA (adj)	2,904	3,026	3,199	3,359	5.0%
EBIT (adj)	2,423	2,531	2,669	2,818	5.2%
Pre-tax income (adj)	1,883	1,968	2,104	2,250	6.1%
Net income (adj)	N/A	N/A	N/A	N/A	N/A
EPS (adj) ($)	4.01	4.50	4.85	5.24	9.3%
Diluted shares (mn)	350.0	347.3	344.3	341.3	-0.8%
DPS ($)	2.12	2.16	2.27	2.38	4.0%

Margin and return data					Average
Gross margin (%)	40.7	40.5	41.3	42.0	41.2
EBITDA (adj) margin (%)	22.6	22.9	23.8	24.5	23.5
EBIT (adj) margin (%)	18.9	19.1	19.9	20.6	19.6
Pre-tax (adj) margin (%)	14.6	14.9	15.7	16.4	15.4
Net (adj) margin (%)	10.9	11.8	12.4	13.1	12.1
ROIC (%)	18.8	19.4	20.0	20.5	19.7
ROA (%)	N/A	N/A	N/A	N/A	N/A
ROE (%)	N/A	N/A	N/A	N/A	N/A

Balance sheet and cash flow ($mn)					CAGR
Cash and equivalents	281	-313	-928	-1,495	N/A
Total assets	16,350	16,121	15,756	15,500	-1.8%
Short and long-term debt	8,615	8,615	8,615	8,615	0.0%
Total liabilities	14,122	14,286	14,235	14,208	0.2%
Net debt/(funds)	N/A	N/A	N/A	N/A	N/A
Shareholders' equity	2,228	1,835	1,521	1,292	-16.6%
Change in working capital	186	30	-165	-164	N/A
Cash flow from operations	1,646	1,765	1,812	1,902	4.9%
Capital expenditure	-501	-500	-537	-547	N/A
Free cash flow	409	515	495	542	9.8%

Valuation and leverage metrics					Average
P/E (adj) (x)	16.4	14.7	13.6	12.6	14.3
EV/sales (x)	2.4	2.3	2.3	2.2	2.3
EV/EBITDA (adj) (x)	10.5	10.1	9.5	9.1	9.8
Equity FCF yield (%)	N/A	N/A	N/A	N/A	N/A
P/BV (x)	N/A	N/A	N/A	N/A	N/A
Dividend yield (%)	3.2	3.3	3.4	3.6	3.4
Total debt/capital (%)	N/A	N/A	N/A	N/A	N/A
Net debt/EBITDA (adj) (x)	N/A	N/A	N/A	N/A	N/A

Selected operating metrics					Average
Organic sales growth (%)	-2.7	-1.0	N/A	N/A	-1.8
Volume growth (%)	-3.2	-0.4	N/A	N/A	-1.8
Price growth (%)	0.5	-0.5	N/A	N/A	-0.0

Price (08-Feb-2018)	USD 65.98
Price Target	USD 69.00

Why Underweight? While K's relative valuation remains undemanding, given a challenging category environment in cereal and snacks and incremental investments that should keep restructuring savings from dropping to the bottom line, we are hard-pressed to find a near-term fundamental catalyst for shares.

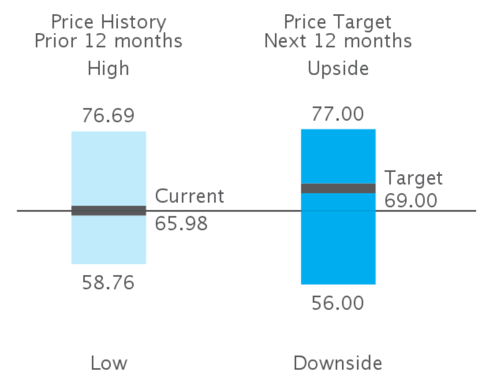
Upside case — **USD 77.00**

Our upside target of $77 reflects a 16.4x P/E on our upside 2018 EPS estimate of $4.70. This is potentially achievable with an accelerated recovery in U.S. cereal and only moderate decline in U.S. snacks, as well as flow-through of Project K and ZBB cost savings.

Downside case — **USD 56.00**

Our downside target of $56 reflects a 13.2x P/E on our downside 2018 EPS estimate of $4.25. We would expect shares to approach this level if cereal sales deteriorate further, the DSD transition is more impactful to sales, and Project K and ZBB savings materialize more slowly.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Dec

What To Do With The stock

All said, we see little operating profit growth in 1H18 due to the timing of K's DSD to warehouse transition (as K shifted out of its DSD network in 2H17), and the aforementioned incremental brand investment. So too would we note that we model lower YOY U.S. Morning Foods sales for the full year, given ongoing challenges in K's U.S. Cereal business and the likelihood that it will take some time before efforts to stabilize the business show through in results. Still, with ~+$160mm (at the midpoint) in combined incremental savings from ZBB and Project K in 2018, a meaningful step up in brand investment (+$100mm on a rolling 12 month basis), and a less demanding organic top-line expectation for the year (-1% to -2% YOY), we can see a path for investor sentiment to shift more positively -- particularly with likely upward EPS Street revisions from tax reform benefits (net of reinvestment) and FX.

With this in mind, we have raised our 2018 EPS estimate by +4% from $4.32 to $4.50, or roughly +12% YOY growth – with about +7pts YOY of growth driving from tax reform and FX benefits. This compares to K's constant FX EPS guidance of +9-11% YOY, with a +1-1.5pt YOY benefit expected from FX. As a result, we have raised our target price to $69, which is based on a 15.3x P/E on our CY18 $4.50 EPS estimate (which compares to our previous $67 price target which was based on a 15.5x P/E multiple on our prior CY18 EPS estimate of $4.32). This updated valuation represents an ~-8% discount to the peer group, roughly in line with K's three year average -- which we think is appropriate at this stage of the recovery.

Can U.S. Snacks Lead the Pack?

We were most struck by new CEO Steve Cahillane's remarks on yesterday's 4Q17 conference call regarding the role that the U.S. Morning Foods business (~22% of total sales) is expected to play moving forward. Specifically, CEO Cahillane stated numerous times that he believes K can "stabilize" its U.S. Morning Foods business (of which we believe ~70-75% is U.S. Cereal), and also noted that it is not expected to be a "growth engine" within the portfolio. While we recognize that this business has not been a growth engine for some time, frankly, CEO Cahillane's qualification of the portfolio role felt a bit different from K's comments as recently as CAGNY last year, when it seemed to us that some level of modest growth was eventually expected. With this in mind, we thought it would be interesting to see what flat YOY sales in U.S. Morning Foods could well mean for the company's ability to reach its long-term top-line growth algorithm (+1-3% YOY). That is, with U.S. Morning Foods expected to be flat YOY, we believe much of the onus could well fall on the company's U.S. Snacks performance – provided that the remaining segments fall in line with the constant FX targets laid out at K's 2015 Investor Day.

Specifically, K indicated that it expects its North America segment to grow at a +LSD YOY rate. As we show in Figure 1 (next page), when holding K's U.S. Specialty and North America Other businesses at the midpoint of this range (+2% YOY), and U.S. Morning Foods flat YOY, then, by our math, if U.S. Snacks were to grow at the low end of the range (+1% YOY), it would imply an overall segment performance of +1.0% YOY. Similarly, if U.S. Snacks were to grow at the high end of the range (+3% YOY), it would imply an overall segment performance of +1.7% YOY -- towards the midpoint of the total segment's algorithm.

NOTE CONTINUED ON NEXT PAGE

FIGURE 1

By our math, if U.S. Morning Foods growth is flat YOY, U.S. Snacks growth in a +1-3% YOY range could drive North America segment sales in a ~+1-2% YOY range (skewed to the low end of K's +LSD YOY North America segment growth target)…

	2017A Base	Total Sales		
U.S. Morning Foods	$2,778			
% YOY Growth		Flat		
$ Sales		$2,778		
U.S. Specialty	$1,249			
% YOY Growth		2.0%		
$ Sales		$1,274		
North America Other	$1,616			
% YOY Growth		2.0%		
$ Sales		$1,648		
Total North America excl. U.S. Snacks		**$5,700**		

	2017A Base	Scenario A	Scenario B	Scenario C
U.S. Snacks	$3,067			
% YOY Growth		1.0%	2.0%	3.0%
$ Sales		$3,098	$3,128	$3,159
Total North America excl. U.S. Snacks		$5,700	$5,700	$5,700
Total North America	**$8,710**	**$8,798**	**$8,829**	**$8,859**
% YOY Growth		**1.0%**	**1.4%**	**1.7%**

Source: Company reports, Barclays Research estimates

Taking it one step further, when holding K's international segments at the midpoint of targets laid out at the company's 2015 Investor Day, and layering in the North America sales growth rates driven by our U.S. Snacks estimates, then, by our math, it would imply an overall K sales performance in a range of approximately ~+2.0-2.5% YOY (Figure 2, next page). Said differently, if U.S. Morning Foods is flat YOY, and U.S. Snacks can grow at a +3% YOY rate (the high end of the North America +LSD YOY long-term target), while the remainder of the portfolio grows at the midpoint of K's long-term targets, then we can still see the company surpassing the mid-point of its overall long-term sales algorithm.

NOTE CONTINUED ON NEXT PAGE

FIGURE 2

…And taking it one step further, if North America sales growth is in a ~+1-2% YOY range (and all other segments grow in line with K's respective growth targets), overall K sales could exceed the mid-point of its overall long-term sales algorithm

	2017A Base	Total Sales	Scenario A	Scenario B	Scenario C
Total North America	**$8,710**		**$8,798**	**$8,829**	**$8,859**
% YOY Growth			**1.0%**	**1.4%**	**1.7%**
Europe	$2,291				
% YOY Growth *(+LSD YOY)*		2.0%			
$ Sales		$2,337			
Latin America	$955				
% YOY Growth *(+MSD-HSD YOY)*		6.5%			
$ Sales		$1,017			
Asia-Pacific	$967				
% YOY Growth *(+MSD-HSD YOY)*		3.5%			
$ Sales		$1,001			
Total K excl. North America		**$4,355**			
			Scenario A	Scenario B	Scenario C
North America	$8,710				
% YOY Growth			1.0%	1.4%	1.7%
$ Sales			$8,798	$8,829	$8,859
Total K excl. North America			$4,355	$4,355	$4,355
Total K	**$12,923**		**$13,153**	**$13,183**	**$13,214**
% YOY Growth			**1.8%**	**2.0%**	**2.3%**

Source: Company reports, Barclays Research estimates

However, we believe this outcome is not quite a lay-up, given K's North America Other segment has been pressured for some time, its international segments have also not grown at their targeted rates in some years (with the exception of Latin America, for which we believe inflation-based pricing has played a significant role recently), while U.S. Snacks could also take some time for trends to stabilize and a more normalized growth trajectory to appear. Admittedly, the environment has become more onerous since K laid out these top-line targets at its 2015 Investor Day, and thus the path to K's long-term top-line algorithm may have evolved internally. However, against this backdrop, we would still not be surprised if K's presentation at the upcoming CAGNY conference likely addresses both its long-term top-line and EPS growth algorithm.

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Kellogg Co. (K, 08-Feb-2018, USD 65.98), Underweight/Neutral, A/CD/CE/D/J/K/L/M/N

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Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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U.S. Food

B&G Foods (BGS)	Blue Buffalo Pet Products Inc. (BUFF)	Campbell Soup (CPB)
Conagra Brands (CAG)	General Mills (GIS)	Hain Celestial (HAIN)
Kellogg Co. (K)	Lamb Weston Holdings, Inc. (LWWI)	McCormick & Co. (MKC)
Mondelez International (MDLZ)	Pinnacle Foods., Inc. (PF)	Post Holdings, Inc. (POST)
The Hershey Company (HSY)	The J.M. Smucker Company (SJM)	The Kraft Heinz Company (KHC)
TreeHouse Foods (THS)		

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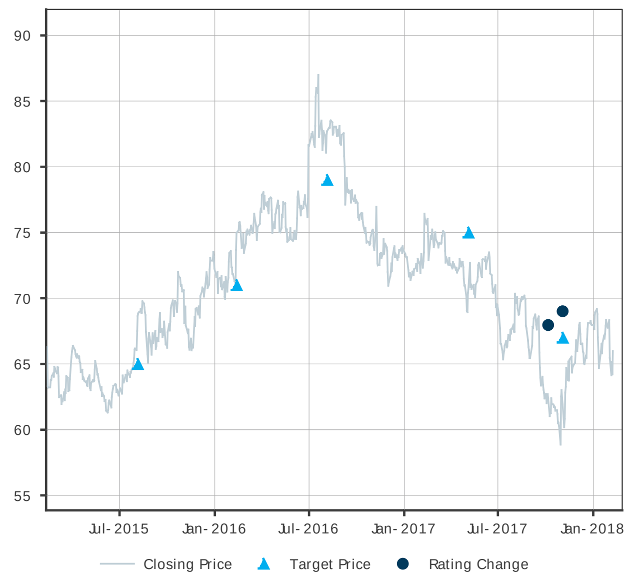
Kellogg Co. (K / K)	Stock Rating	Industry View
USD 65.98 (08-Feb-2018)	**UNDERWEIGHT**	**NEUTRAL**

Rating and Price Target Chart - USD (as of 08-Feb-2018)



Source: IDC, Barclays Research

Currency=USD

Publication Date	Closing Price	Rating	Adjusted Price Target
03-Nov-2017	61.96	Underweight	67.00
06-Oct-2017	62.40	Rating Suspended	
05-May-2017	70.69		75.00
05-Aug-2016	82.71		79.00
12-Feb-2016	74.97		71.00
05-Aug-2015	68.66		65.00

On 08-Feb-2015, prior to any intra-day change that may have been published, the rating for this security was Underweight, and the adjusted price target was 60.00.

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Link to Barclays Live for interactive charting

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Valuation Methodology: Our $69 price target is based on a 15.3x P/E multiple on our CY18 EPS estimate of $4.50.

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Kellogg

BMO Capital Markets

K-NYSE	Rating	Price: Feb-8	Target	Total Rtn
	Market Perform	$65.98	$78.00	21%

K for "Kredible"

Bottom Line: First, Kellogg's 4Q17 EPS of $0.96 met consensus as stronger-than-anticipated top-line growth offset lower-than-anticipated operating margin (double-digit increase in brand building). Second, K introduced its 2018 EPS growth outlook of 9-11%, or an implied EPS of $4.40-4.48, reflecting flat currency-neutral sales growth and operating profit growth of 4-6%.

Key Points

While packaged food companies continue to shift investment towards growth (higher risk) and away from more secure margin investments, we gain incremental confidence in Kellogg's ability to manage the balance between the two given its ongoing evolution into a snacking company and vastly improved execution. K's implied 2018 EPS outlook appears prudent and achievable given the momentum across core brands/categories/geographies, the seamless transition out of DSD, and less dependence on growth in its cereal business.

- **Kellogg continues to successful transition into a snacking company, which enables K to be better poised to offset domestic cereal weakness.** After a decade of struggling to increase sales in the face of a secular decline in cereal, K's snacks acquisitions/JVs abroad (e.g., Latin America, Africa, the Middle East, China) and the continued distribution growth of Pringles and wholesome snacks globally provide a level of confidence that K not only will achieve its top-line guidance, but may exceed it without meaningful growth from its cereal businesses.
- **K's ability to stabilize market shares in international developed market provides a framework for its U.S. cereal business.** While K's global cereal sales declined this year, it continues to sustain the turnarounds across its core international markets, including the U.K., Australia, and Canada. In addition, K returned Special K to marginal share gains after sustaining share declines in each of the last three quarters.
- **K's successful transition out of DSD without any material missteps provides confidence that K has sustainably improved its execution capabilities while cost programs create incremental margin opportunities.** While we expect brand building to accelerate, we are encouraged that product velocities continue to accelerate in each of its three snacks categories with core brands posted solid growth.

Key Changes	
Estimates	2018E
Revenue	$13,013
Previous	*$12,825*
EBITDA	$2,721
Previous	*$2,780*
EBIT Margin	17.2%
Previous	*17.6%*

Please refer to pages 10 to 13 for Important Disclosures, including Analyst's Certification.

Food

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Company Data			in $
Dividend	$2.16	EV (mm)	$31,229
Yield	3.3%	Shares O/S (mm)	345.5
Net Debt (mm)	$8,334	Market Cap (mm)	$22,794

BMO Estimates			in $
(FY-Dec.)	2017A	2018E	2019E
Revenue	$12,923	$13,013↑	$13,217
EBITDA	$2,625	$2,721↓	$2,815
EBIT Margin	16.6%	17.2%↓	17.7%
Adj. EPS	$4.04	$4.46↑	$4.73
CFPS	$1.16	$0.84↓	$2.29

Consensus Estimates	2017A	2018E	2019E
EPS		$4.32	$4.60

Valuation	2017A	2018E	2019E
P/E	16.3x	14.8x	14.0x
EV/EBITDA	11.9x	11.5x	11.1x
P/CFPS	NM	NM	28.8x

QTR. EPS	Q1	Q2	Q3	Q4
2017A	$1.06	$0.97	$1.05	$0.96
2018E	$1.07	$1.11	$1.17	$1.11

Our Thesis

We gain confidence in Kellogg's ability to manage the balance between the growth and margins given its ongoing evolution into a snacking company and vastly improved execution. K's implied 2018 EPS outlook appears prudent and achievable given the momentum across core brands/categories/geographies, the seamless transition from DSD, and less dependence on growth in its cereal business.

Kellogg - Block Summary Model

Income Statement	2017A	2018E	2019E
Revenue	$12,923	$13,013	$13,217
Cost of Goods Sold	7,395	7,456	7,534
Gross Profit	5,055	5,083	5,210
SG&A	2,911	2,843	2,876
EBIT	2,144	2,240	2,334
EBIT Margin (%)	16.6%	17.2%	17.7%
Pre-Tax Income	1,896	1,956	2,055
Tax Rate	25.8%	21.0%	21.0%
Net Income	1,267	1,552	1,631
Diluted Shares Outstanding	350	348	345
EPS	$4.04	$4.46	$4.73
Adjusted Net Income	1,413	1,552	1,631
Adjusted EPS	$4.04	$4.46	$4.73
Balance Sheet	**2017A**	**2018E**	**2019E**
Current Assets	3,036	3,381	5,030
Total Assets	16,350	16,695	18,344
Short-term debt	409	409	409
Current Liabilities	4,479	4,038	4,056
Long-Term Debt	7,836	7,836	7,836
Total Liabilities	14,122	13,681	13,699
Total Equity	2,212	2,998	4,629
Total Liabilities and Equity	16,350	16,695	18,344

Source: BMO Capital Markets, Company Reports

New Scenarios

Valuation

Our target price is based on approximately 18x our 2018 EPS estimate, in line with the sector multiple.

Upside Scenario $88.00

$88 driven by accelerated EPS growth and multiple expansion. First, K's 2019 EPS would accelerate above $4.80, reflecting stabilization in cereal, accelerating margin expansion in U.S. Snacks, and continued growth in emerging markets. Second, K's multiple would expand as investors regain confidence in K's ability to deliver sustainable long-term growth.

Downside Scenario $60.00

$60 if the fallout from exiting DSD results in significant distribution/shelf-space/share loss (a worst-case scenario) and K is unable to execute on its cost-savings/margin targets and the businesses in which it has stabilized become unwound. This case implies EPS below last year and a sub-16x forward multiple.

Key Catalysts

(-) Top-line impact from DSD exit more drastic than expected (i.e., >100 bps overall, 600 bps to U.S. Snacks); (-) Margin accretion from DSD exit delayed or has a longer timeline (i.e., U.S. Snacks = 16% margin by 2019); (+) Cereal category declines moderate to below 2% (anything near flat would be viewed positively); (-) Overall pricing begins to decline (e.g., growth of PL, AMZN).

Company Description

Kellogg Company, the world's leading producer of cereal, manufactures and markets ready-to-eat cereals and convenience foods, including cookies, toaster pastries, cereal bars, crackers, frozen waffles, fruit snacks, and meat alternatives. The company's products are sold primarily to grocery stores through a direct salesforce for resale to consumers.

K-NYSE Research

Industry Research

Company Models

Investment Conclusion

Kellogg's 4Q17 EPS of $0.96 met consensus as stronger-than-anticipated top-line growth offset lower-than-anticipated operating margin (double-digit increase in brand building).

- First, K's sales performance continued its meaningful turnaround from sluggish 1H17 trends (-4.4% 1Q18 and -3.1% in 2Q18). Specifically, the return of Pringles to growth, accelerating frozen foods sales, stabilized international developed cereal sales (e.g., U.K., Australia, Canada), improved Special K cereal performance, and accelerating emerging markets growth (e.g., Asia, Middle East) more than offset headwinds from the DSD exit (200 basis points), including a negative list-price adjustment and SKU rationalization. Organic sales declined only 1.5%, driven entirely by lower price/mix (U.S. Snacks) as sales of $3.2 billion comfortably beat Street estimates of $3.1 billion and organic sales declines of more than 3%. Importantly, the decline in U.S. Snacks aligned with initial expectations (6% lower), as the benefit from incremental trade inventories and normalized promotional activity more than offset an 800 basis point impact from the DSD exit. Despite the overall top-line outperformance, K continued to face a difficult operating environment and increased competitive activity (General Mills increased promotion levels) in the U.S. cereal industry as U.S. Morning Foods continued to decline at a mid-single-digit rate (-4.9% in the quarter vs. -5.2% for the year).

- Second, operating profit fell below expectations reflecting earlier-than-anticipated normalization in K's investments in merchandising and brand building across U.S. Snacks and Europe. That said, K's operating margins expanded as the elimination of DSD-related overhead as well as ZBB savings and other Project K savings more than offset a double-digit increase in brand building and lower margins in other areas of its business, including U.S. Mornings Foods and its international businesses.

- Third, K introduced its 2018 EPS growth outlook of 9-11%, or an implied EPS of $4.40-4.48, reflecting 1) flat currency-neutral sales growth (1-2% organic sales decline including a 100 basis point impact from the DSD transition + 100-200 basis point benefit from the addition of RXBAR; 2) operating profit growth of 4-6% as a 100-200 basis point benefit from RXBAR, savings from the DSD exit and ZBB will more than offset modest inflation, and investments in demand-pull brand building, overhead capabilities, and improved ingredients/packaging; 3) modestly higher interest expense due to the RXBAR acquisition; 4) lower tax rate of 20-21% (5-6 points lower than 2017) driven by tax reform; and a 5) modest decrease in shares. Importantly, notwithstanding the pension accounting changes, K would have expected to hit its 18% currency-neutral target that it established before on the old GAAP basis. In terms of quarterly cadence, the continued impact of list price adjustments and SKU rationalizations will impact 1H18 sales growth by 200 basis points and significantly higher levels of brand building that began in late 3Q17 will sustain through 1H18 limiting operating profit growth over that period.

- Fourth, new CEO Steve Cahillane's has begun to develop a strategic plan that will focus on prioritized investment (i.e., less aggressive investment in cereal to manage for stable growth, shift investment behind growth brands), improved execution to avoid the periodic miscues that have largely plagued K in the past, and capitalizing on the opportunities in emerging markets.

In our view, the key takeaways from the quarter include: 1) organic sales declined 1.5%, or in line with last quarter, largely driven by lower price/mix from list-price adjustments as K transitioned away from DSD while higher volume in its International and U.S. frozen businesses offset declines in Morning Foods; 2) North America sales (-1.7%) declined in line with last quarter (-1.6%) but improved markedly from 1H18 trends reflecting moderating declines in Morning Foods (turned around Pop-Tarts), accelerating growth in Specialty (growth in all three of its segments: Foodservice, C-stores, and

Vending), and growth in Other (continued growth in frozen, including Eggo and Morningstar); 3) Europe posted organic growth of 3% - its best quarter of the year – reflecting a return to growth in Pringles following a disruption in its promotional calendar in 1H18, cereal growth in the U.K. and continental Europe, and wholesome snack growth in the Middle East; 4) Latin America began to stabilize following disruptions to the business from hurricanes and trade inventory overhang in 1H18 as organic sales declines continue to moderate as continued growth in Mexico and accelerating growth in snacks more than offset continued weakness in the Caribbean and declines in cereal; 5) Asia Pacific sales growth accelerated to mid-single-digits, reflecting growth in cereal in India, Korea, and Australia and snacks from strong Pringles momentum in Australia and Korea; 6) gross margin declined 130 basis points largely driven by lower list price adjustment in its U.S. Snacks business following the DSD exit but increased excluding the DSD reset; and 7) operating margin increased modestly as the elimination of DSD-related overhead and ZBB savings more than offset double-digit growth in brand building and higher transportation and logistics costs.

While U.S. packaged food companies continue to shift investment more towards growth (higher risk) and away from more secure margin investments, we gain incremental confidence in Kellogg's ability to manage the balance between the two given its ongoing evolution into a snacking company and vastly improved execution. K's implied 2018 EPS outlook – albeit higher than our initial outlook despite a decline in organic sales – appears achievable given 1) the momentum of its turnaround efforts across brands, categories, and geographies; 2) the seamless transition from DSD with only a manageable loss of shelf-space (so far); and 3) less dependence on growth in its cereal business. In addition, notwithstanding the impact of new pension accounting changes, K would have expected to meet its long-term 18% operating margin target on a currency-neutral basis and expects to improve upon its 1.6% organic sales decline in the underlying business excluding DSD in 2017.

- **Kellogg continues its successful transition into a snacking company, as the company overall is better poised to offset domestic cereal weakness than at any other time in its long history.** After a decade of struggling to increase sales in the face of a secular decline in cereal, K's snacks acquisitions/JVs abroad (e.g., Latin America, Africa, the Middle East, China) and the continued distribution growth of Pringles and wholesome snacks globally provide a level of confidence that K not only will achieve its top-line guidance, but may exceed it without meaningful growth from its cereal businesses. First, K's acquisition of Parati, which is included in the base in 2018 for Latin America, should provide for significant revenue and cost synergies as it triples K's scale in Brazil and continues to sustain double-digit growth despite the economy still not being fully recovered. Second, Pringles not only stabilized following a disruption in its European merchandising calendar from earlier this year, it returned to strong growth with sales stabilization through new flavors and pack formats in developed markets and distribution growth in emerging markets like Russia, Central/Eastern Europe, Turkey, and Korea.

- **Stabilization of market share in international developed market provides a framework for which U.S. cereal can recover.** First, while K's global cereal sales declined this year, it continues to sustain the turnarounds it has achieved across several of its international markets, including the U.K. (share gains in each of the last two quarters compared to share declines of over a point in 1H17 and in 2017), Australia (accelerated share gains from marginal share gains in 2016 to nearly 1.5 points this quarter), and Canada (a return to market share gains). Second, while the U.S. cereal market faces one of the more challenging operating environments in terms of competitive intensity, we believe that K's strategy in the category of bigger innovation bets (e.g., Special K with Probiotics, Chocolate Frosted Flakes) and greater brand building investments behind adult-segment brands (K is not managing U.S. Morning Foods for unsustainable levels of margin expansion) should drive more traffic to the category and less price-based competition. In addition, K returned Special K to marginal share gains in the quarter after sustaining share declines in each of the last three quarters.

- **Exceeding margin targets in U.S. Snacks ahead of schedule provides confidence that K has sustainably improved its execution capabilities while cost programs create incremental margin opportunities.** First, K delivered nearly 18% operating margin in U.S. Snacks this quarter – well above our expectations of 16.2% and nearly in line with its three-year goal of 18-19% for its entire U.S. business – despite increasing brand building by nearly double digits ($50 million in total across its businesses). While we expect brand building to increase upon those 4Q17 levels in 1H18, we remain highly encouraged that the transition out of DSD came without any material missteps and that product velocities continue to accelerate in each of its three snacks categories (e.g., 2% decline in crackers in 1Q17 has now moderated to just a marginal decline in 4Q17, 6% decline in cookies has now returned to growth, 2% decline in wholesome snacks has now rebounded to 2% growth). Second, in addition to its international cereal businesses, Special K, and Pringles, K continues to turn around its Kashi (Bear Naked remains the top-selling granola brand in the U.S. cereal category), Pop-Tarts, and Frozen businesses (both Eggo and Morningstar posted mid-single-digit consumption growth in 2017 with both brands sustaining double-digit consumption growth over the trailing 13-week period). Efforts to reformulate the product in Eggo and more effective in-store support and a packaging refresh for Morningstar have largely driven the successful turnarounds in frozen. Third, K should generate at least $300 million in incremental cost savings this year from Project K, the elimination of DSD-related overhead expenses, and expansion of ZBB across its global businesses with additional upside from higher ROIs from both its investments in strategic revenue management and its new marketing model.

Exhibit 1: Summary of K's Quarterly Performance

	Y-O-Y Growth					Operating Profit	
	Price	Internal Volume	Internal Sales	Total Sales	Operating Profit	Margin %	Y-O-Y Change (bps)
US Morning Foods	--	--	-4.9%	-4.8%	-13.7%	18.8%	(193)
US Snacks	--	--	-5.8%	-5.7%	17.6%	17.6%	348
US Specialty	--	--	2.1%	1.8%	2.9%	24.7%	27
North America Other	--	--	0.6%	9.6%	-9.2%	14.3%	(297)
North America	-2.6%	-0.7%	-3.3%	-1.7%	-1.3%	18.3%	8
Europe	2.5%	0.5%	3.0%	10.4%	1.2%	13.7%	(125)
Latin America	-0.1%	-0.4%	-0.5%	44.7%	18.8%	7.3%	(160)
Asia Pacific	-0.1%	4.4%	4.3%	8.5%	8.3%	10.7%	(1)
Total Company	**-1.5%**	**0.0%**	**-1.5%**	**3.9%**	**5.9%**	**16.2%**	**31**

Source: Company reports and BMO Capital Markets

Kellogg

Quarterly Income Statement

($ millions except per share data)

	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18E	2Q18E	3Q18E	4Q18E	2018E
Sales	**12,983**	**3,254**	**3,187**	**3,273**	**3,209**	**12,923**	**3,272**	**3,218**	**3,284**	**3,239**	**13,013**
Depreciation and amort	517	121	120	120	120	481	121	120	120	120	481
COGS	7,922	2,006	1,931	2,003	1,973	7,868	2,025	1,950	2,003	1,951	7,929
Gross Profit	**5,061**	**1,248**	**1,256**	**1,270**	**1,236**	**5,055**	**1,247**	**1,268**	**1,281**	**1,288**	**5,083**
SGA	3,066	724	718	702	716	2,911	701	704	694	745	2,843
Operating income	**1,995**	**524**	**538**	**568**	**520**	**2,144**	**546**	**564**	**587**	**544**	**2,240**
EBITDA	*2,512*	*645*	*658*	*688*	*640*	*2,625*	*667*	*685*	*707*	*663*	*2,721*
Interest Expense	253	61	64	64	68	257	71	71	71	71	285
Other Income (Expense)	10	3	0	-2	5	9	3	0	-2	0	1
Pretax Income	**1,752**	**466**	**474**	**502**	457	**1,896**	477	493	513	472	1,956
Taxes	434	92	134	140	125	490	100	104	108	99	411
Earnings (loss) from joint ventu	1	2	0	3	2	7	2	0	3	2	7
Earnings from Cont. Ops.	**1,318**	**376**	**340**	**365**	**334**	**1,413**	**379**	**389**	**409**	**375**	**1,552**
Extraordinary Charges	632	114	63	70	-96	146	114	63	70	-247	0
Net Income	686	262	277	295	430	1,267	265	326	339	622	1,552
Diluted Shares	354	354	352	348	347	350	354	352	348	337	348
EPS from Cont. Ops.	**$3.72**	**$1.06**	**$0.97**	**$1.05**	**$0.96**	**$4.04**	**$1.07**	**$1.11**	**$1.17**	**$1.11**	**$4.46**
Extraordinary charges	$1.79	$0.32	$0.18	$0.20	($0.28)	$0.42	$0.32	$0.18	$0.20	($0.73)	$0.00
Net Income per share	$1.94	$0.74	$0.79	$0.85	$1.24	$3.62	$0.75	$0.93	$0.97	$1.85	$4.46

Source: Company data, BMO Capital Markets.

Kellogg

Quarterly Income Statement

Margins	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18E	2Q18E	3Q18E	4Q18E	2018E
COGS	61.0%	61.6%	60.6%	61.2%	61.5%	60.9%	61.9%	60.6%	61.0%	60.2%	60.9%
Gross Profit	**39.0%**	**38.4%**	**39.4%**	**38.8%**	**38.5%**	**39.1%**	**38.1%**	**39.4%**	**39.0%**	**39.8%**	**39.1%**
SGA	23.6%	22.2%	22.5%	21.4%	22.3%	22.5%	21.4%	21.9%	21.1%	23.0%	21.9%
EBIT	**15.4%**	**16.1%**	**16.9%**	**17.4%**	**16.2%**	**16.6%**	**16.7%**	**17.5%**	**17.9%**	**16.8%**	**17.2%**
EBITDA	*19.3%*	*19.8%*	*20.7%*	*21.0%*	*19.9%*	*20.3%*	*20.4%*	*21.3%*	*21.5%*	*20.5%*	*20.9%*
Interest Expense	1.9%	1.9%	2.0%	2.0%	2.1%	2.0%	2.2%	2.2%	2.2%	2.2%	2.2%
Other Expense (Income)	0.1%	0.1%	0.0%	-0.1%	0.2%	0.1%	0.1%	0.0%	-0.1%	0.0%	0.0%
Pretax Income	**13.5%**	**14.3%**	**14.9%**	**15.3%**	**14.2%**	**14.7%**	**14.6%**	**15.3%**	**15.6%**	**14.6%**	**15.0%**
Reported Tax Rate	24.8%	19.7%	28.3%	27.9%	27.4%	25.8%	21.0%	21.0%	21.0%	21.0%	21.0%
Net Income	10.2%	11.6%	10.7%	11.2%	10.4%	10.9%	11.6%	12.1%	12.4%	11.6%	11.9%

% Change	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18E	2Q18E	3Q18E	4Q18E	2018E
Sales	**-4.0%**	**-4.2%**	**-2.3%**	**0.8%**	**3.9%**	**-0.5%**	**0.5%**	**1.0%**	**0.3%**	**0.9%**	**0.7%**
COGS	-3.8%	-4.7%	-1.9%	1.3%	5.7%	-0.7%	1.0%	1.0%	0.0%	-1.1%	0.8%
Gross Profit	**-4.3%**	**-3.3%**	**-2.9%**	**0.1%**	**1.1%**	**-0.1%**	**-0.1%**	**0.9%**	**0.8%**	**4.2%**	**0.6%**
SGA	-8.4%	-6.5%	-8.5%	-11.0%	-2.2%	-5.1%	-3.2%	-2.0%	-1.1%	4.0%	-2.3%
Operating income	**2.9%**	**1.6%**	**5.9%**	**18.3%**	**5.9%**	**7.5%**	**4.1%**	**4.9%**	**3.3%**	**4.5%**	**4.5%**
Interest Expense	11.5%	-4.7%	-5.9%	10.3%	7.9%	1.6%	16.8%	11.3%	11.3%	4.8%	10.9%
Other Income (Expense)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Pretax Income	**3.7%**	**3.1%**	**7.0%**	**18.1%**	**5.5%**	**8.2%**	**2.4%**	**4.0%**	**2.3%**	**3.4%**	**3.2%**
Taxes	0.2%	-20.3%	9.8%	63.7%	11.6%	12.9%	9.0%	-22.7%	-23.0%	-20.6%	-16.2%
Earnings from Cont. Ops.	**4.9%**	**11.4%**	**5.6%**	**7.8%**	**4.7%**	**7.2%**	**0.8%**	**14.6%**	**11.9%**	**12.4%**	**9.9%**
Extraordinary Charges	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Net Income	11.7%	NA	-1.4%	1.4%	NM	84.7%	NA	17.9%	14.8%	NM	22.5%
Diluted Shares	-0.6%	-0.1%	-0.6%	-1.7%	-1.1%	-1.1%	0.0%	0.0%	0.0%	-2.9%	-0.6%
EPS from Cont. Ops.	**5.4%**	**11.2%**	**6.2%**	**9.7%**	**5.9%**	**8.4%**	**0.8%**	**14.6%**	**11.9%**	**15.7%**	**10.6%**

Source: Company data, BMO Capital Markets.

Kellogg
Annual Income Statement
($ millions except per share data)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Sales	**12,397**	**13,198**	**14,197**	**14,792**	**14,580**	**13,525**	**12,983**	**12,923**	**13,013**	**13,217**	**13,441**
COGS	6,716	7,677	8,315	8,461	8,488	7,712	7,413	7,395	7,456	7,534	7,621
Depreciation	392	369	448	523	494	526	509	473	473	473	473
Gross Profit	**5,289**	**5,152**	**5,434**	**5,808**	**5,598**	**5,287**	**5,061**	**5,055**	**5,083**	**5,210**	**5,347**
Total SG&A	3,299	3,043	3,339	3,645	3,479	3,348	3,360	2,911	2,843	2,876	2,937
Operating Income	**1,990**	**2,109**	**2,095**	**2,163**	**2,119**	**1,939**	**1,995**	**2,144**	**2,240**	**2,334**	**2,410**
Note: EBITDA	*2,404*	*2,480*	*2,547*	*2,695*	*2,622*	*2,473*	*2,512*	*2,625*	*2,721*	*2,815*	*2,891*
Interest Expense	248	233	261	235	209	227	253	257	285	280	275
Other Income (Expense)	0	-10	24	4	10	-22	10	9	1	1	1
Pretax Income	**1,742**	**1,866**	**1,858**	**1,932**	**1,920**	**1,690**	**1,752**	**1,896**	**1,956**	**2,055**	**2,136**
Taxes	502	547	558	548	541	433	434	490	411	432	448
Earnings (loss) from joint ventures	0	0	-1	-6	-6	0	1	7	7	7	8
Net Income (loss) attributable to non	-7	-2	0	1	1	0	1	0	0	0	0
Net income from cont'd ops	**1,247**	**1,321**	**1,299**	**1,377**	**1,372**	**1,257**	**1,318**	**1,413**	**1,552**	**1,631**	**1,695**
Extraordinary Charges (Gain)	0	455	338	-430	740	643	632	146	0	0	0
Reported income	1,247	866	961	1,807	632	614	686	1,267	1,552	1,631	1,695
Diluted Shares	378.0	364.0	360.0	365.3	360.0	356.0	354.0	350.0	347.8	344.9	342.2
EPS from Cont. Ops.	**$3.30**	**$3.63**	**$3.61**	**$3.77**	**$3.81**	**$3.53**	**$3.72**	**$4.04**	**$4.46**	**$4.73**	**$4.95**
Extraordinary Charges	$0.00	$1.25	$0.94	($1.18)	$2.06	$1.81	$1.79	$0.42	$0.00	$0.00	$0.00
EPS-reported	$3.30	$2.38	$2.67	$4.94	$1.76	$1.72	$1.94	$3.62	$4.46	$4.73	$4.95
Dividends per share	$1.56	$1.62	$1.74	$1.80	$1.90	$1.98	$2.06	$2.12	$2.20	$2.29	$2.38

Source: Company data, BMO Capital Markets.

Kellogg
Annual Income Statement

Margins	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
COGS	54.2%	58.2%	58.6%	57.2%	58.2%	57.0%	57.1%	57.2%	57.3%	57.0%	56.7%
Depreciation	3.2%	2.8%	3.2%	3.5%	3.4%	3.9%	3.9%	3.7%	3.6%	3.6%	3.5%
Gross Profit	42.7%	39.0%	38.3%	39.3%	38.4%	39.1%	39.0%	39.1%	39.1%	39.4%	39.8%
SGA	26.6%	23.1%	23.5%	24.6%	23.9%	24.8%	25.9%	22.5%	21.9%	21.8%	21.9%
Operating Income	16.1%	16.0%	14.8%	14.6%	14.5%	14.3%	15.4%	16.6%	17.2%	17.7%	17.9%
Note: EBITDA	*19.4%*	*18.8%*	*17.9%*	*18.2%*	*18.0%*	*18.3%*	*19.3%*	*20.3%*	*20.9%*	*21.3%*	*21.5%*
Interest Expense	2.0%	1.8%	1.8%	1.6%	1.4%	1.7%	1.9%	2.0%	2.2%	2.1%	2.0%
Other Income (Expense)	0.0%	-0.1%	0.2%	0.0%	0.1%	-0.2%	0.1%	0.1%	0.0%	0.0%	0.0%
Pretax Income	14.1%	14.1%	13.1%	13.1%	13.2%	12.5%	13.5%	14.7%	15.0%	15.6%	15.9%
Net income from cont'd ops	10.1%	10.0%	9.2%	9.3%	9.4%	9.3%	10.2%	10.9%	11.9%	12.3%	12.6%
Tax Rate	28.8%	29.3%	30.0%	28.4%	28.2%	25.6%	24.8%	25.8%	21.0%	21.0%	21.0%

% Change	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Sales	**-1.4%**	**6.5%**	**7.6%**	**4.2%**	**-1.4%**	**-7.2%**	**-4.0%**	**-0.5%**	**0.7%**	**1.6%**	**1.7%**
COGS	-1.2%	14.3%	8.3%	1.8%	0.3%	-9.1%	-3.9%	-0.2%	0.8%	1.0%	1.2%
Depreciation	2.1%	-5.9%	21.4%	16.7%	-5.5%	6.5%	-3.2%	-7.1%	0.0%	0.0%	0.0%
Gross Profit	**-1.9%**	**-2.6%**	**5.5%**	**6.9%**	**-3.6%**	**-5.6%**	**-4.3%**	**-0.1%**	**0.6%**	**2.5%**	**2.6%**
Total SG&A	-1.9%	-7.8%	9.7%	9.2%	-4.6%	-3.8%	0.4%	-13.4%	-2.3%	1.1%	2.1%
Operating Income	**-1.9%**	**6.0%**	**-0.7%**	**3.2%**	**-2.0%**	**-8.5%**	**2.9%**	**7.5%**	**4.5%**	**4.2%**	**3.2%**
Note: EBITDA	*-0.5%*	*3.2%*	*2.7%*	*5.8%*	*-2.7%*	*-5.7%*	*1.6%*	*4.5%*	*3.7%*	*3.5%*	*2.7%*
Interest Expense	-15.9%	-6.0%	12.0%	-10.0%	-11.1%	8.6%	11.5%	1.6%	10.9%	-1.8%	-1.8%
Pretax Income	**1.8%**	**7.1%**	**-0.4%**	**4.0%**	**-0.6%**	**-12.0%**	**3.7%**	**8.2%**	**3.2%**	**5.1%**	**3.9%**
Taxes	3.7%	9.0%	1.9%	-1.7%	-1.3%	-20.0%	0.2%	12.9%	-16.2%	5.1%	3.9%
Net income from cont'd ops	**1.3%**	**5.9%**	**-1.6%**	**6.0%**	**-0.4%**	**-8.4%**	**4.9%**	**7.2%**	**9.9%**	**5.1%**	**3.9%**
Reported income	2.9%	-30.6%	11.0%	88.0%	-65.0%	-2.8%	11.7%	84.7%	22.5%	5.1%	3.9%
Diluted Shares	-1.6%	-3.7%	-1.1%	1.5%	-1.4%	-1.1%	-0.6%	-1.1%	-0.6%	-0.8%	-0.8%
EPS from Cont. Ops.	**2.9%**	**10.0%**	**-0.5%**	**4.5%**	**1.1%**	**-7.3%**	**5.4%**	**8.4%**	**10.6%**	**5.9%**	**4.7%**
EPS-reported	4.5%	-27.9%	12.2%	85.2%	-64.5%	-1.8%	12.4%	86.8%	23.3%	5.9%	4.7%

Source: Company data, BMO Capital Markets.

Kellogg
Balance Sheet
($ millions except per share data)

	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Assets										
Cash	460	281	273	443	251	280	281	597	2,211	3,888
Accounts receivable	1,188	1,454	1,424	1,276	1,344	1,231	1,389	1,446	1,469	1,493
Inventories	1,132	1,365	1,248	1,279	1,250	1,238	1,217	1,189	1,201	1,214
Prepaids and other	247	287	322	336	391	191	149	149	149	149
Total current assets	**3,027**	**3,387**	**3,267**	**3,334**	**3,236**	**2,940**	**3,036**	**3,381**	**5,030**	**6,745**
Net PP&E	3,281	3,782	3,856	3,769	3,621	3,569	3,716	3,716	3,716	3,716
Goodwill	3,623	5,053	5,051	4,971	4,968	5,166	5,504	5,504	5,504	5,504
Other intangibles	1,454	2,359	2,367	2,295	2,268	2,369	2,639	2,639	2,639	2,639
Other LT assets	516	662	933	757	1,172	1,067	1,455	1,455	1,455	1,455
Total assets	**11,901**	**15,243**	**15,474**	**15,126**	**15,265**	**15,111**	**16,350**	**16,695**	**18,344**	**20,059**
Liabilities										
Current portion LTD	761	755	289	607	1,266	631	409	409	409	409
Notes payable	234	1,065	739	828	1,204	438	370	370	370	370
Accounts payable	1,189	1,402	1,432	1,528	1,907	2,014	2,269	1,828	1,846	1,866
Accruals	410	835	872	805	814	801	880	880	880	880
Other	719	473	503	590	548	590	551	551	551	551
Total current liabilities	**3,313**	**4,530**	**3,835**	**4,358**	**5,739**	**4,474**	**4,479**	**4,038**	**4,056**	**4,076**
Long term debt	5,037	6,082	6,330	5,935	5,289	6,698	7,836	7,836	7,836	7,836
Postretirement benefits	188	414	277	82	77	40	0	0	0	0
Deferred taxes	637	536	928	726	685	525	363	363	363	363
Other noncurrent liabilities	964	1,201	497	1,174	1,337	1,448	1,444	1,444	1,444	1,444
Total liabilities	**10,139**	**12,763**	**11,867**	**12,275**	**13,127**	**13,185**	**14,122**	**13,681**	**13,699**	**13,719**
Shareholders' equity										
Common stock	105	105	105	105	105	105	105	105	105	105
Additional paid-in capital	522	573	626	678	745	807	878	878	878	878
Retained earnings (deficit)	6,721	5,615	6,749	6,689	6,597	6,571	7,103	7,889	9,520	11,215
Treasury stock	(3,130)	(2,943)	(2,999)	(3,470)	(3,943)	(3,997)	(4,417)	(4,417)	(4,417)	(4,417)
Comprehensive income	(2,458)	(931)	(936)	(1,213)	(1,376)	(1,575)	(1,457)	(1,457)	(1,457)	(1,457)
Total shareholders' equity	**1,760**	**2,419**	**3,545**	**2,789**	**2,128**	**1,911**	**2,212**	**2,998**	**4,629**	**6,324**
Noncontrolling Interest	2	61	62	62	10	15	16	16	16	16
Total liabilities & equity	**11,901**	**15,243**	**15,474**	**15,126**	**15,265**	**15,111**	**16,350**	**16,695**	**18,344**	**20,059**

Source: Company data, BMO Capital Markets estimates.

Kellogg
Balance Sheet

Capital Structure	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Short-term debt	*995*	*1,820*	*1,028*	*1,435*	*2,470*	*1,069*	*779*	*779*	*779*	*779*
Long-term debt	*5,037*	*6,082*	*6,330*	*5,935*	*5,289*	*6,698*	*7,836*	*7,836*	*7,836*	*7,836*
Total debt	6,032	7,902	7,358	7,370	7,759	7,767	8,615	8,615	8,615	8,615
Preferred stock	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0
Deferred taxes on income	637	536	928	726	685	525	363	363	363	363
Shareholders equity	1,760	2,419	3,545	2,789	2,128	1,911	2,212	2,998	4,629	6,324
Total capitalization	8,429	10,857	11,831	10,885	10,572	10,203	11,190	11,976	13,607	15,302
Invested capital	8,429	10,857	11,831	10,885	10,572	10,203	11,190	11,976	13,607	15,302
Avg. shares out - diluted (in mil.)	364	360	365	360	365	354	350	348	345	342
Book value per share	$4.84	$6.72	$9.71	$7.75	$5.83	$5.40	$6.32	$8.62	$13.42	$18.48
Total assets	*11,901*	*15,243*	*15,474*	*15,126*	*15,265*	*15,111*	*16,350*	*16,695*	*18,344*	*20,059*
Goodwill	*3,623*	*5,053*	*5,051*	*4,971*	*4,968*	*5,166*	*5,504*	*5,504*	*5,504*	*5,504*
Net assets	8,278	10,190	10,423	10,155	10,297	9,945	10,846	11,191	12,840	14,555
PP&E as a % of net assets	39.6%	37.1%	37.0%	37.1%	35.2%	35.9%	34.3%	33.2%	28.9%	25.5%
Internal liquidity ratios	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Quick	0.50	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Current	0.91	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
Inventory turnover days (YTD)	51	56	50	51	55	56	56	54	54	54
Plus A/R turnover days (YTD)	32	37	35	32	36	34	39	40	40	40
= Operating cycle days	83	93	85	83	90	90	94	94	94	94
Less A/P turnover days (YTD)	53	58	57	61	83	92	104	83	83	83
Cash cycle	30	35	27	22	7	(1)	(9)	11	11	11
Note: YTD Sales	13,198	14,197	14,792	14,580	13,525	12,983	12,923	13,013	13,217	13,441
Note: YTD COGS	8,046	8,763	8,997	8,982	8,238	7,922	7,868	7,929	8,007	8,094
Note: Number of Days	360	360	360	360	360	360	360	360	360	360

Source: Company data, BMO Capital Markets.

Kellogg
Cash Flow Analysis
($ millions except per share data)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Net earnings	**1,247**	**866**	**961**	**1,808**	**633**	**614**	**686**	**1,267**	**1,552**	**1,631**	**1,695**
Depreciation and Amortization	392	369	448	532	503	534	517	481	481	481	481
Deferred taxes	266	(93)	(159)	317	(300)	(169)	(44)	(56)	0	0	0
Net change in working capital	(357)	78	161	251	249	267	223	186	(418)	36	34
Restructuring charges, net of cash paid	0	0	0	0	0	0	0	0	0	0	0
Other	3	(115)	(21)	25	(42)	158	40	237	0	0	0
Pension and other postretirement benefits	(576)	492	368	(1,126)	750	287	198	(471)	(50)	(50)	(50)
Cash flow from operations	**975**	**1,597**	**1,758**	**1,807**	**1,793**	**1,691**	**1,620**	**1,644**	**1,565**	**2,098**	**2,160**
Capital expenditures	474	594	533	637	582	553	507	501	507	515	524
Note: Payout ratio	*47%*	*46%*	*48%*	*49%*	*50%*	*56%*	*54%*	*52%*	*49%*	*48%*	*48%*
Dividends	584	604	622	680	680	700	716	736	767	791	816
Net free cash flow	**(83)**	**399**	**603**	**490**	**531**	**438**	**397**	**407**	**291**	**791**	**820**
Divestitures	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	(2,712)	0	0	(574)	(398)	(592)	0	0	0
Net share repurchases	(848)	(507)	166	(69)	(690)	(731)	(426)	(516)	(181)	(231)	(222)
Available for debt paydown	**(931)**	**(108)**	**(1,943)**	**421**	**(159)**	**(867)**	**(427)**	**(701)**	**110**	**560**	**598**

Source: Company data, BMO Capital Markets.

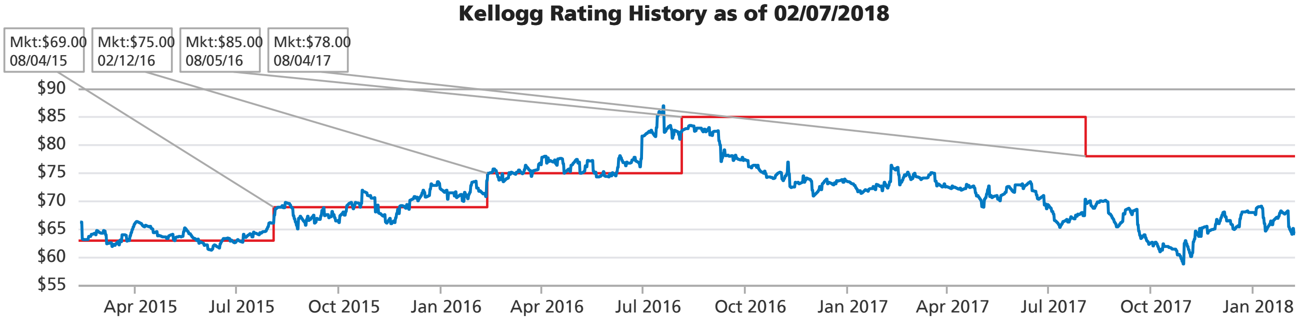
Kellogg
Cash Flow Analysis

Cashflow efficiency	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Cashflow from ops as % of sales	7.9%	12.1%	12.4%	12.2%	12.3%	12.5%	12.5%	12.7%	12.0%	15.9%	16.1%
Cashflow from ops as % of net income	78%	121%	135%	131%	131%	135%	123%	116%	101%	129%	127%
Net FCF as % of sales	-0.7%	3.0%	4.2%	3.3%	3.6%	3.2%	3.1%	3.1%	2.2%	6.0%	6.1%
Net FCF as % of net income	-7%	30%	46%	36%	39%	35%	30%	29%	19%	49%	48%
Capex/sales	3.8%	4.5%	3.8%	4.3%	4.0%	4.1%	3.9%	3.9%	3.9%	3.9%	3.9%
Capex/Depr and amort.	128%	162%	120%	122%	118%	105%	100%	106%	107%	109%	111%

Financial risk ratios	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Debt/Capital	67.4%	71.6%	72.8%	62.2%	67.7%	73.4%	76.1%	77.0%	71.9%	63.3%	56.3%
EBIT/Interest	8.0	9.1	8.0	9.2	10.1	8.5	7.9	8.3	7.9	8.3	8.8
EBITDA/Interest	9.7	10.6	9.8	11.5	12.5	10.9	9.9	10.2	9.5	10.1	10.5
Cash flow from ops as % of debt	17%	26%	22%	25%	24%	22%	21%	19%	18%	24%	25%
Cash flow from ops. to interest	3.9	6.9	6.7	7.7	8.6	7.4	6.4	6.4	5.5	7.5	7.9
Net free cash flow as % of debt	-1%	63%	113%	53%	73%	64%	76%	112%	80%	218%	226%
Net free cash flow to interest	(0.3)	1.7	2.3	2.1	2.5	1.9	1.6	1.6	1.0	2.8	3.0

Source: Company data, BMO Capital Markets.

Kellogg Rating History as of 02/07/2018

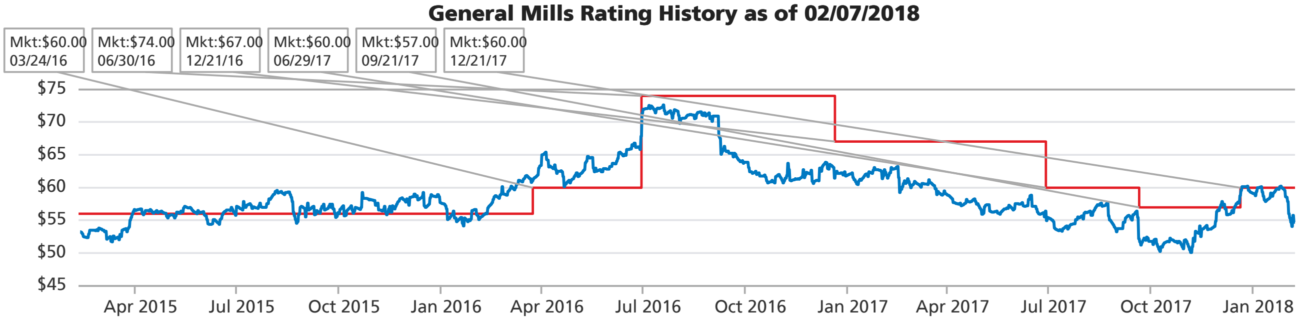


Closing Price — Target Price

Outperform (OP); Market Perform (Mkt); Underperform (Und); Speculative (S); Suspended (Spd); Not Rated (NR); Restricted (R)

Source: FactSet, BMO Capital Markets

General Mills Rating History as of 02/07/2018

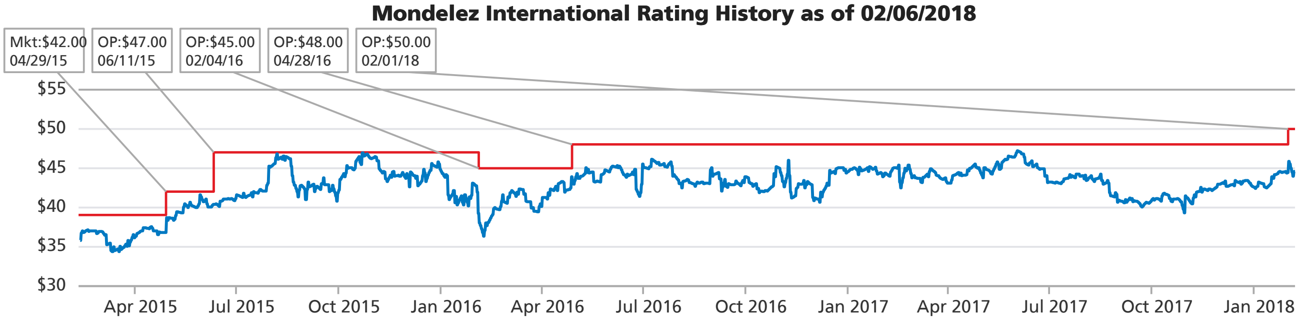


Closing Price — Target Price

Outperform (OP); Market Perform (Mkt); Underperform (Und); Speculative (S); Suspended (Spd); Not Rated (NR); Restricted (R)

Source: FactSet, BMO Capital Markets

Mondelez International Rating History as of 02/06/2018



Closing Price — Target Price

Outperform (OP); Market Perform (Mkt); Underperform (Und); Speculative (S); Suspended (Spd); Not Rated (NR); Restricted (R)

Source: FactSet, BMO Capital Markets

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Disclosure 9: BMO Capital Markets makes a market in Kellogg and Mondelez International.

Methodology and Risks to Target Price/Valuation for General Mills (GIS-NYSE)

Methodology: Our target price implies 18-19x our underlying FY2019 EPS estimate.

Risks: The key risks to our target price are continued challenges in yogurt, poor momentum with new products, failure to execute in international markets, and higher commodity costs/inability to pass through pricing.

Methodology and Risks to Target Price/Valuation for Kellogg (K-NYSE)

Methodology: Our target price is based on approximately 18x our 2018 EPS estimate.

Risks: The key risks to our target price are unexpected execution miscues, heightened competitive pressure in the cereal category, higher commodity and product reinvestment costs, and loss of momentum in its new product pipeline.

Methodology and Risks to Target Price/Valuation for Mondelez International (MDLZ-NSDQ)

Methodology: Our target price reflects 19x our 2019 EPS estimate. We raised our price target to reflect a more favorable F/X environment, recovering emerging markets growth, and more benign commodity risk.

Risks: The key risks to our target price are poor execution on restructuring initiatives, poor traction with new products, EM recovery taking longer than expected, and continued pricing through FX/currency devaluation, and higher commodity costs.

Distribution of Ratings (February 08, 2018)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe
Buy	Outperform	46.8%	24.8%	56.4%	49.2%	57.4%	53.9%
Hold	Market Perform	50.0%	17.3%	41.9%	47.8%	41.2%	41.1%
Sell	Underperform	3.2%	10.5%	1.6%	3.1%	1.4%	5.0%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
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(April 2013 - October 2016)
http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

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Kellogg Co.

Reiterate Overweight with 15% Upside to Price Target; Key Takeaways from Follow-Up with Management

Overweight

K, K US

Price: $65.98

Price Target: $76.00

Following yesterday's earnings (see our initial take), we reiterate our Overweight rating on the K shares. **We view yesterday's outperformance (ahead of the food group by 4.3% and the SPX by 6.4%) as just the beginning of the stock's recovery.** On our new estimate of $4.47 in 2018E EPS, the K shares still trade under 15x P/E. And on FY18E consensus estimates, they sit at a 2.2x discount to GIS (which we view as a similar company) and at a similar multiple to CPB (which we think has meaningfully higher risk because of the LNCE deal). We see 15% upside to our December 2018 price target (plus a dividend), and we believe the fundamental bear case is losing two of its main pillars yesterday (more on this below).

- **Two main pillars of the bear argument are fading away.** In our view, there have been three major discussion points among investors who are negative on the K shares: 1) pensions, 2) a possible margin rebase, and 3) the struggles of the cereal category. On pensions, investors have been concerned about a) the optics of ~200 bps in EBIT moving below the line because of accounting changes, and b) a higher-than-average expected rate of return on assets. Yesterday, though, Kellogg specified the exact impact of the accounting change to 2017, and we suspect that most sell-side models will finally make this adjustment when modeling 2018 and beyond (thus putting the headline risk in the past). And management said yesterday that due to a more conservative asset portfolio (read: a lower percentage in equities) it might have a reduced return expectation (one that is more in line with peers). On a margin rebase, new CEO Steve Cahillane said there was no need for one; he surprisingly reiterated the prior CEO's outlook for 2018E (thus this guidance risk is in the past, too, though bears may view the outlook as optimistic). Thus, the last major bear case seems to rest on weakness in cereal. Though we worry about the category, too, we think many of rival GIS's share gains will be fleeting, as they were built on lower prices (which eventually will be lapped – *see Figures 3-4*) and a lack of innovation by Kellogg (which potentially could be mitigated in the US by *Special K* with probiotics – *see Figure 5*). And keep in mind that milk prices are expected to be down this year; historically this has been a positive driver for cereal consumption (*Figure 6*).

Food Producers and Retailers

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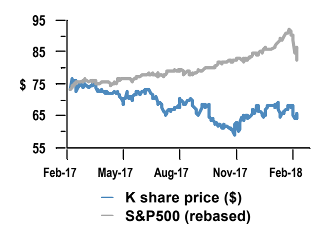
Price Performance



	YTD	1m	3m	12m
Abs	-2.9%	-4.6%	5.0%	-10.2%
Rel	1.4%	1.5%	5.5%	-22.7%

Kellogg (K;K US)

FYE Dec	2015A	2016A	2017A	2018E (Prev)	2018E (Curr)	2019E (Prev)	2019E (Curr)
EPS (Operating) ($)							
Q1 (Mar)	0.99	0.96	1.05	1.09	1.11	1.17	1.17
Q2 (Jun)	0.92	0.91	0.96	1.14	1.07	1.23	1.15
Q3 (Sep)	0.85	0.96	1.05	1.10	1.14	1.19	1.24
Q4 (Dec)	0.79	0.91	0.95	1.11	1.16	1.20	1.27
FY	3.55	3.73	4.01	4.43	4.47	4.80	4.83
Bloomberg EPS FY ($)	3.50	3.69	4.04	-	4.44	-	4.75

Source: Company data, Bloomberg, J.P. Morgan estimates.

Company Data	
Price ($)	65.98
Date Of Price	08 Feb 18
52-week Range ($)	76.69-58.76
Market Cap ($ mn)	22,895.06
Fiscal Year End	Dec
Shares O/S (mn)	347
Price Target ($)	76.00
Price Target End Date	31-Dec-18

See page 8 for analyst certification and important disclosures.

- **Key takeaways from conversation with management.** We think investors should be aware of two potential headwinds for 2018: Interest Expense and Other Income. On interest expense, it is possible that Kellogg, seeing higher rates ahead, recently locked in some debt at fixed rates that were a bit higher than current floating ones. And of course, the debt that remains floating will cost more now, too, thanks to higher rates. All in, therefore, including these factors and higher debt levels (to fund the RXBAR deal), we now model $300MM in interest expense this year, up from $256MM in 2017. As for the "Other Income" line, we remind investors that lower pension asset return assumptions will impair profits; thus, we now model $220MM in Other Income, down from $274MM (adjusted for pension accounting changes) in 2017. Visibility is very limited for both of these line items and management has provided no information that would help us quantify them; we needed to make many assumptions in our model.

- **All-in, guidance is for 2018 EPS of approximately $4.41 to $4.52.** At the low end, we start with a base of $4.04 from 2017A, remove $0.03 for the pending revenue recognition adjustment (high end of the $0.02-$0.03 cut), grow this 9% (low end of guidance), and then add 1% for FX (low end of guidance) to get to $4.41. At the high end, we start with a base of $4.04 from 2017A, remove $0.02 for the pending revenue recognition adjustment (low end of the $0.02-$0.03 cut), grow this 11% (high end of guidance), and then add 1.5% for FX (high end of guidance) to get to $4.52. Our new EPS estimate of $4.47 is near the midpoint of this range. *See Figure 2 for details.*

- **CAGNY could be a positive catalyst, for two primary reasons.** First, many investors have not yet met Mr. Cahillane; CAGNY is somewhat of his coming out party. Based on not only our own conversations with him, but also the comments of investors who knew him from Coca-Cola (KO - covered by Andrea Teixeira), we think he will come across confidently and intelligently. Second, and more importantly, Mr. Cahillane indicated yesterday that at CAGNY, he would dive more deeply into his longer-term (three year) outlook for the company. We anticipate him telling a good story about how he expects to simultaneously grow the top line and cut costs. Whether he actually can *accomplish* this remains to be seen; however, given the negativity in the investment community on K (very high short interest), any incremental comfort in management and its strategy could attract more shareholders to the name.

- **We expect full restated income statements and segment information, as well as clearer guidance about revenue recognition changes, to be provided on or before 1Q earnings.** The company still needs to run all of these numbers through its auditors.

- **Raising estimates.** In part to reflect a lower tax rate, we raise our EPS estimates as follows: 2018E to $4.47 from $4.43 and 2019E to $4.83 from $4.80.

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Figure 1: Updated K Guidance

$ in MM except per share

Item	Guidance	Last Updated
2018		
Sales Growth		
Currency-Neutral	Flat	4Q17
Organic (Incl. Impact of DSD)	-1% to -2%	4Q17
Impact of DSD Transition	-1% (all in 1H)	4Q17
M&A (RXBAR)	+1% to +2%	4Q17
Currency	Not provided by company	4Q17
Sales by Segment		
US Morning Foods	Slowly stabilize in 1H	4Q17
US Snacks	Growth in sales and share	4Q17
Timing	3Q/4Q hurt by tougher comp	4Q17
LatAm	Improved	4Q17
Gross Margin	Flat to up slightly, with productivity offsetting inflation	4Q17
Logistics	Up HSD	4Q17
SG&A Margin		
Brand Building	Up at least 100MM (most in 1H)	4Q17
EBIT		
Currency-Neutral	+4 to 6%	4Q17
M&A (RXBAR)	+1% to +2%	4Q17
Project K and ZBB Savings	Will drive the rest of the growth	4Q17
Margin	18% before pension changes (so ~16%)	4Q17
Marketing	Up Y/Y	4Q17
Project K and Restructuring Costs (Excluded from Pro Forma)	90-110MM	4Q17
EBIT by Segment		
US Morning Foods	Down on higher marketing	4Q17
US Snacks	Down on reallocation of manuf/warehousing costs from other biz units	4Q17
LatAm	Improved	4Q17
Other		
Interest	Up Y/Y	4Q17
Tax Rate	20-21%	4Q17
Shares	"Modest decrease in shares"	4Q17
EPS	Implied approx 4.41 to 4.52	4Q17
Currency-Neutral	+9 to 11% off $4.01-$4.02 adj. base (implied 4.37-4.46)	4Q17
Tax Reform Benefit	Contributes 5-6% of 9-11%	4Q17
Investments	Mitigate risk	
Currency	1-1.5% benefit	4Q17
Revenue Recognition	Cuts 2-3c from '17's $4.04 base (exact amt TBD)	4Q17
Pensions	Could shift to less aggressive mix and/or reduction in expectation for return on assets	4Q17
BS and CF		
Receivables Securitization	Begin to wind down	12/21/17 8-K
Operating Cash Flow	1.7-1.8B	4Q17
Cap Ex	0.5B	4Q17

Source: Company reports and J.P. Morgan.

Figure 2: Implied EPS Guidance Build-Up (JPMe)

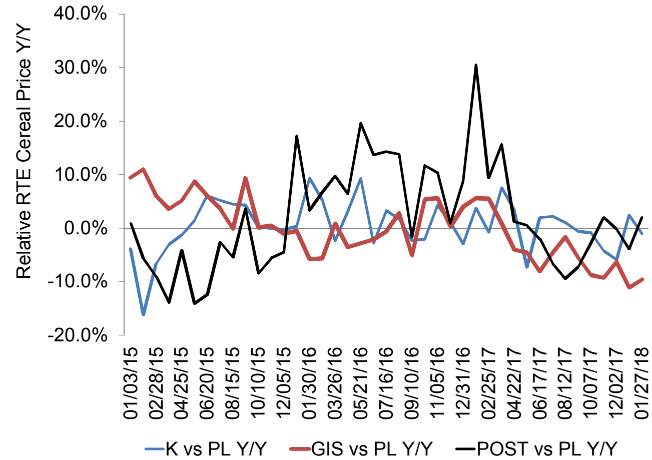
	Low	High
2017 Pro Forma Base	4.04	4.04
Revenue Recognition Adjustment	(0.03)	(0.02)
2017 Adjusted Pro Forma Base	4.01	4.02
FX-Neutral EPS Increase	9.0%	11.0%
FX	1.0%	1.5%
Implied EPS (ex-FX)	**4.41**	**4.52**

Source: Company reports and J.P. Morgan.

Figure 3: GIS's cereal share starting improving last May...

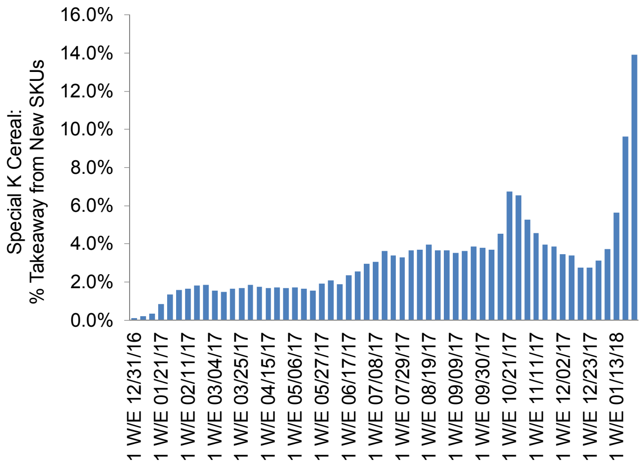
Source: The Nielsen Co. xAOC+C.

Figure 4: ... Not coincidentally, GIS dropped cereal prices at the same time. In only 2-3 months from now, these price decreases start to get lapped (positive for K)



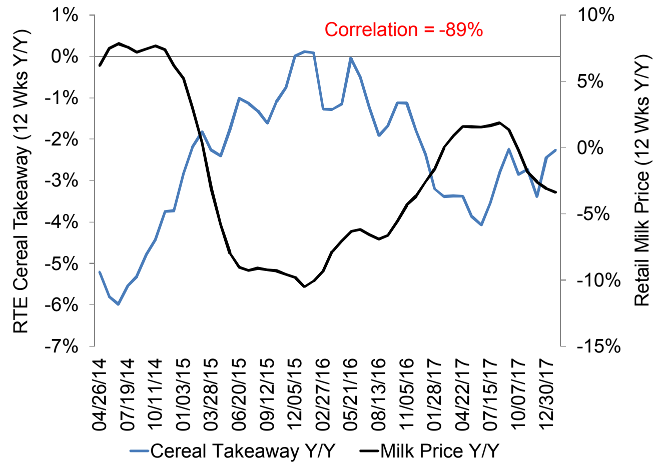
Source: The Nielsen Co. xAOC+C.

Figure 5: Innovation in Special K is starting to help in the US



Source: The Nielsen Co. xAOC+C.

Figure 6: We expect lower milk prices to help cereal consumption (negative correlation)



Source: The Nielsen Co. xAOC+C.

Investment Thesis, Valuation and Risks

Kellogg Co. *(Overweight; Price Target: $76.00)*

Investment Thesis

We are Overweight the K shares. Even after yesterday's relative outperformance, the stock is cheaper than many of its peers on a P/E basis. We think guidance may be slightly conservative and we see meaningful upside to our price target.

Valuation

Based on the scenario analysis valuation methodology below, we see fair value of $76. Thus, we maintain our December 18 price target at this level.

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K Valuation and December 2018 Price Target

	Fundamental			Special Situation		
CY19E	**Upside**	**Base Case**	**Downside**	**M&A (Seller)**	**M&A (Buyer)**	**Activism**
Sales	13,447	13,052	12,665		13,577	12,286
Operating Income	2,278	2,081	1,892		2,194	2,204
Net Interest Expense	255	262	268		305	412
Other Income	220	220	220		220	220
Pretax Earnings	2,243	2,039	1,844		2,109	2,013
Taxes	460	418	378		390	413
Net Income	1,783	1,621	1,466		1,720	1,600
Shares Outstanding	337	337	337		337	292
EPS	5.29	4.81	4.35		5.10	5.49
D&A	480	480	480		510	480
EBITDA	2,758	2,561	2,372		2,704	2,684
Metrics						
Sales CAGR: CY16 to CY19E	1.2%	0.2%	-0.8%		0.2%	-1.8%
Operating Margin	16.9%	15.9%	14.9%		16.2%	17.9%
Tax Rate	20.5%	20.5%	20.5%		18.5%	20.5%
Net Debt to EBITDA	2.6x	2.9x	3.2x		3.2x	3.9x
P/E Multiple						
Assumed Multiple	18.0x	17.0x	16.0x		17.0x	19.0x
* CY19E EPS	5.29	4.81	4.35		5.10	5.49
= Fair Value: P/E Multiple	95.22	81.74	69.57		86.71	104.22
EV/EBITDA Multiple						
Assumed Multiple	11.5x	11.0x	10.5x		11.0x	12.0x
* CY19E EBITDA	2,758	2,561	2,372		2,704	2,684
= CY19E Enterprise Value	31,716	28,166	24,908		29,748	32,209
- CY19E Net Debt	7,231	7,428	7,616		8,666	10,428
Debt Added						3,000
= Fair Equity Value	24,486	20,738	17,292		21,083	21,781
÷ CY19E Shares Outstanding	337	337	337		337	292
= Fair Value: EV/EBITDA Multiple	72.63	61.51	51.29		62.53	74.68
Average of P/E and EV/EBITDA Multiples						
Fair Value	**83.92**	**71.62**	**60.43**	**82.48**	**74.62**	**89.45**
Current Price	65.98	65.98	65.98	65.98	65.98	65.98
Expected Upside	27.2%	8.6%	-8.4%	25.0%	13.1%	35.6%
Scenario Likelihood % (JPMe)						
	25%	15%	15%	5%	35%	5%
Fair Value (based on CY19E)						

Fair Value = $76
Implied Stock Upside = 15%
Dividend Yield thru Dec-18 = 3%
Expected TSR = 19%

Source: Bloomberg and J.P. Morgan estimates.

Risks to Rating and Price Target

1) Competition may increase in both cereal (from GIS) and snacks (from MDLZ); 2) input costs may rise more than the company expects; and 3) cereal innovation may lag.

Kellogg Co.: Summary of Financials

Income Statement - Annual	FY16A	FY17A	FY18E	FY19E	FY20E
Revenue	**12,983**	**12,923**	**13,049**	**13,052**	**-**
COGS	(7,891)	(8,045)	(8,173)	(8,143)	-
Gross profit	**5,092**	**4,878**	**4,875**	**4,909**	**-**
SG&A	(3,097)	(2,997)	(2,869)	(2,829)	-
Adj. EBITDA	**2,512**	**2,362**	**2,486**	**2,561**	**-**
D&A	(517)	(481)	(480)	(480)	-
Adj. EBIT	**1,995**	**1,881**	**2,006**	**2,081**	**-**
Net Interest	(253)	(256)	(300)	(262)	-
Adj. PBT	**1,748**	**1,899**	**1,926**	**2,039**	**-**
Tax	(429)	(501)	(395)	(418)	-
Minority Interest	-	-	-	-	-
Adj. Net Income	**1,318**	**1,405**	**1,534**	**1,627**	**-**
Reported EPS	3.73	4.01	4.47	4.83	-
Adj. EPS	**3.73**	**4.01**	**4.47**	**4.83**	**-**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	354	350	343	337	-

Income Statement - Quarterly	1Q18E	2Q18E	3Q18E	4Q18E
Revenue	**3,327**	**3,181**	**3,297**	**3,243**
COGS	(2,164)	(1,984)	(2,025)	(2,000)
Gross profit	**1,163**	**1,197**	**1,272**	**1,244**
SG&A	(664)	(716)	(761)	(729)
Adj. EBITDA	**619**	**602**	**631**	**635**
D&A	(120)	(120)	(120)	(120)
Adj. EBIT	**499**	**482**	**511**	**515**
Net Interest	(75)	(75)	(75)	(75)
Adj. PBT	**479**	**462**	**491**	**495**
Tax	(98)	(95)	(101)	(101)
Minority Interest	-	-	-	-
Adj. Net Income	**382**	**367**	**391**	**394**
Reported EPS	1.11	1.07	1.14	1.16
Adj. EPS	**1.11**	**1.07**	**1.14**	**1.16**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	345	344	342	341

Balance Sheet & Cash Flow Statement	FY16A	FY17A	FY18E	FY19E	FY20E
Cash and cash equivalents	280	281	729	1,433	-
Accounts receivable	1,231	1,389	1,404	1,405	-
Inventories	1,238	1,217	1,210	1,206	-
Other current assets	191	149	149	149	-
Current assets	**2,940**	**3,036**	**3,493**	**4,193**	**-**
PP&E	3,569	3,716	3,736	3,656	-
LT investments	-	-	-	-	-
Other non current assets	8,602	9,598	9,169	9,169	-
Total assets	**15,111**	**16,350**	**16,398**	**17,018**	**-**
Short term borrowings	1,069	779	779	779	-
Payables	2,014	2,269	2,257	2,249	-
Other short term liabilities	1,391	1,431	1,431	1,431	-
Current liabilities	**4,474**	**4,479**	**4,467**	**4,459**	**-**
Long-term debt	6,698	7,836	8,057	8,082	-
Other long term liabilities	2,013	1,807	1,707	1,607	-
Total liabilities	**13,185**	**14,122**	**14,230**	**14,148**	**-**
Shareholders' equity	1,911	2,212	2,151	2,854	-
Minority interests	15	16	16	16	-
Total liabilities & equity	**15,111**	**16,350**	**16,398**	**17,018**	**-**
BVPS	**5.41**	**6.32**	**6.27**	**8.47**	**-**
y/y Growth	*(9.8%)*	*16.8%*	*(0.7%)*	*35.0%*	-
Net debt/(cash)	7,487	8,334	8,106	7,428	-
Cash flow from operating activities	**1,628**	**1,646**	**1,916**	**2,085**	**-**
o/w Depreciation & amortization	517	481	480	480	-
o/w Changes in working capital	205	186	(21)	(4)	-
Cash flow from investing activities	**(893)**	**(1,094)**	**(500)**	**(400)**	**-**
o/w Capital expenditure	(905)	(1,093)	(500)	(400)	-
as % of sales	*7.0%*	*8.5%*	*3.8%*	*3.1%*	-
Cash flow from financing activities	**(642)**	**(604)**	**(967)**	**(981)**	**-**
o/w Dividends paid	(716)	(736)	(767)	(806)	-
o/w Net debt issued/(repaid)	132	551	0	25	-
Net change in cash	**29**	**1**	**448**	**703**	**-**
Adj. Free cash flow to firm	**914**	**742**	**1,654**	**1,892**	**-**
y/y Growth	*(20.3%)*	*(18.9%)*	*123.1%*	*14.4%*	-

Ratio Analysis	FY16A	FY17A	FY18E	FY19E	FY20E
Gross margin	39.2%	37.7%	37.4%	37.6%	-
EBITDA margin	19.3%	18.3%	19.1%	19.6%	-
EBIT margin	15.4%	14.6%	15.4%	15.9%	-
Net profit margin	10.1%	10.9%	11.8%	12.5%	-
ROE	65.2%	68.2%	70.3%	65.0%	-
ROA	8.7%	8.9%	9.4%	9.7%	-
ROCE	15.4%	13.5%	14.6%	14.6%	-
SG&A/Sales	23.9%	23.2%	22.0%	21.7%	-
Net debt/equity	388.7%	374.1%	374.0%	258.8%	-
P/E (x)	17.7	16.4	14.8	13.7	-
P/BV (x)	12.2	10.4	10.5	7.8	-
EV/EBITDA (x)	12.1	13.2	12.5	11.8	-
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.9	0.8	0.8	0.8	-
Interest cover (x)	9.9	9.2	8.3	9.8	-
Operating leverage	(67.2%)	1236.5%	683.6%	15707.7%	-
Revenue y/y Growth	(4.1%)	(0.5%)	1.0%	0.0%	-
EBITDA y/y Growth	1.5%	(6.0%)	5.3%	3.0%	-
Tax rate	24.6%	26.4%	20.5%	20.5%	-
Adj. Net Income y/y Growth	4.4%	6.7%	9.2%	6.0%	-
EPS y/y Growth	5.0%	7.7%	11.4%	8.0%	-
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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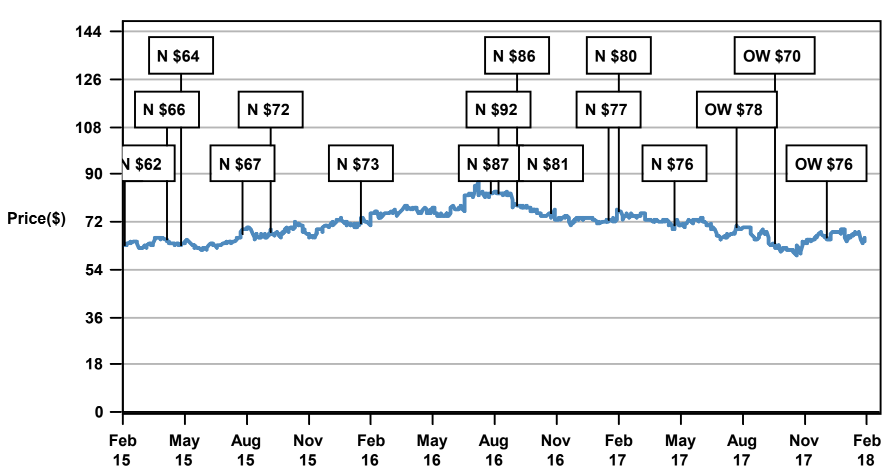
Kellogg Co. (K, K US) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Feb 12, 2003.

Date	Rating	Share Price ($)	Price Target ($)
13-Feb-15	N	63.20	62.00
17-Apr-15	N	65.05	66.00
06-May-15	N	63.01	64.00
05-Aug-15	N	67.50	67.00
16-Sep-15	N	68.39	72.00
27-Jan-16	N	71.57	73.00
05-Aug-16	N	82.71	87.00
17-Aug-16	N	82.57	92.00
13-Sep-16	N	78.13	86.00
02-Nov-16	N	75.09	81.00
27-Jan-17	N	73.00	77.00
09-Feb-17	N	76.00	80.00
04-May-17	N	70.40	76.00
04-Aug-17	OW	69.62	78.00
27-Sep-17	OW	63.42	70.00
12-Dec-17	OW	65.95	76.00

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	Overweight (buy)	**Neutral** (hold)	**Underweight** (sell)
J.P. Morgan Global Equity Research Coverage	45%	43%	12%
IB clients*	53%	50%	35%
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*Percentage of investment banking clients in each rating category.
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Kellogg Company (K)

FORECAST CHANGE

Rating	**NEUTRAL**
Price (08-Feb-18, US$)	65.98
Target price (US$)	70.00
52-week price range (US$)	76.44 - 58.87
Market cap(US$ m)	22,930

Target price is for 12 months.

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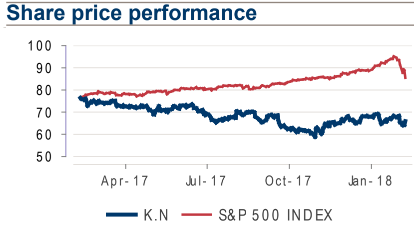
Margins Keep Expanding, but Sales Still Declining; Remain Neutral

Kellogg's 4Q EPS of $0.96 was a bit below our $0.98 estimate. The organic sales decline of 1.5% beat our estimate of -3.0% because inventory shifts did not hurt the quarter as feared. Operating profit was in-line and included $50M of incremental investment. We are raising our Kellogg 2018 and 2019 EPS estimates to $4.50 and $4.70 to take into account the new lower tax rate (now 20-21% vs 26%), but lowering our EBITDA by $45M for a smaller benefit from currency.

A "balanced" outlook for 2018. Kellogg's outlook for an organic sales decline of -1% to -2% and an operating profit increase of 4-6% confirmed our view that it will drop the majority of its restructuring savings to the bottom-line while investing only a modest portion into brand-building (about $50M) to stabilize U.S. cereal and drive velocity in U.S. snacks. We view the frugality as a rational response to the realities of the business (e.g. U.S. cereal is no longer a growth engine), but we struggle to see how it will return Kellogg's sales to positive territory. The structural challenges in breakfast cereal (45% of sales) and the company's rather choppy track record give us pause.

Valuation. Our $70/share target price reflects a 15x P/E against our 2019 EPS estimate. This represents a 17% discount to U.S. food peers compared to a 10% historical average. Inability to stabilize sales declines represents the greatest risk to our target price. For context, our analysis indicates a 67% positive r-squared relationship between P/E multiples and organic growth in the staples sector.

Share price performance



On 08-Feb-2018 the S&P 500 INDEX closed at 2581.0
Daily Feb08, 2017 - Feb08, 2018, 02/08/17 = US$73.49

Quarterly EPS	Q1	Q2	Q3	Q4
2016A	0.97	0.91	0.96	0.92
2017E	1.05	0.96	1.05	0.95
2018E	1.04	1.09	1.21	1.16

Financial and valuation metrics

Year	12/16A	12/17E	12/18E	12/19E
EPS (CS adj.) (US$)	3.74	4.01	4.50	4.70
Prev. EPS (US$)	-	4.06	4.40	4.61
P/E (x)	17.6	16.5	14.7	14.0
P/E rel. (%)	73.2	75.8	78.3	82.7
Revenue (US$ m)	12,983.0	12,843.0	13,116.2	13,181.8
EBITDA (US$ m)	2,520.0	2,658.0	2,769.2	2,811.7
OCFPS (US$)	4.02	5.49	6.00	6.24
P/OCF (x)	18.4	12.0	11.0	10.6
EV/EBITDA (current)	12.2	11.6	11.1	11.0
Net debt (US$ m)	7,487	7,683	7,498	7,283
ROIC (%)	16.03	14.46	16.34	16.60

Number of shares (m)	347.53	IC (current, US$ m)	9,413.00
BV/share (Next Qtr., US$)	6.4	EV/IC (x)	3.0
Net debt (Next Qtr., US$ m)	8,380.6	Dividend (current, US$)	2.16
Net debt/tot eq (Next Qtr.,%)	376.1		

Source: Company data, Thomson Reuters, Credit Suisse estimates

Kellogg Company (K)

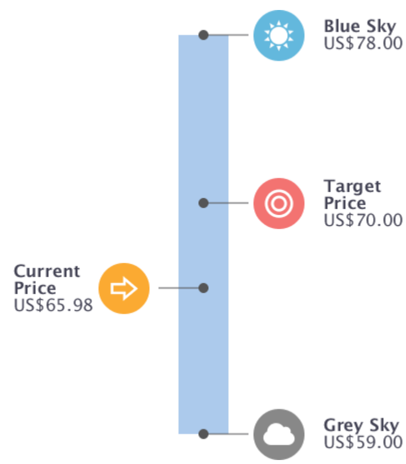
Price (08 Feb 2018): **US$65.98**; Rating: **NEUTRAL**; Target Price: **US$70.00**; Analyst: **Robert Moskow**

Income Statement	**12/16A**	**12/17E**	**12/18E**	**12/19E**
Revenue (US$ m)	**12,983.0**	**12,843.0**	**13,116.2**	**13,181.8**
EBITDA	**2,520**	**2,658**	**2,769**	**2,812**
Depr. & amort.	(517)	(517)	(522)	(527)
EBIT (US$)	**2,003**	**1,889**	**2,005**	**2,041**
Net interest exp	(253)	(256)	(272)	(250)
PBT (US$)	**1,759**	**1,885**	**1,975**	**2,034**
Income taxes	(434)	(488)	(415)	(433)
Profit after tax	**1,325**	**1,397**	**1,560**	**1,601**
Other NPAT adjustments	0	0	0	0
Cash Flow	**12/16A**	**12/17E**	**12/18E**	**12/19E**
Cash flow from operations	**1,423**	**1,922**	**2,087**	**2,133**
CAPEX	(507)	(500)	(525)	(527)
Free cashflow to the firm	**916**	**1,422**	**1,562**	**1,606**
Cash flow from investments	**(893)**	**(500)**	**(525)**	**(527)**
Net share issue(/repurchase)	(58)	(590)	(588)	(600)
Dividends paid	(716)	(743)	(778)	(807)
Cashflow from financing activities	(445)	(1,617)	(1,378)	(1,391)
Changes in Net Cash/Debt	**21**	**(196)**	**185**	**215**
Balance Sheet (US$)	**12/16A**	**12/17E**	**12/18E**	**12/19E**
Cash & cash equivalents	280	234	319	434
Account receivables	1,231	1,337	1,366	1,336
Total fixed assets	3,569	3,552	3,554	3,554
Investment securities	-	-	-	-
Total assets	**15,111**	**15,199**	**15,339**	**15,413**
Total current liabilities	**4,474**	**4,340**	**4,381**	**4,357**
Shareholder equity	1,911	1,983	2,182	2,381
Total liabilities and equity	**15,111**	**15,199**	**15,339**	**15,413**
Net debt	7,487	7,683	7,498	7,283
Per share	**12/16A**	**12/17E**	**12/18E**	**12/19E**
No. of shares (wtd avg)	354	350	348	342
CS adj. EPS	3.74	4.01	4.50	4.70
Prev. EPS (US$)	-	4.06	4.40	4.61
Dividend (US$)	2.04	2.12	2.24	0.00
Free cash flow per share	2.58	4.06	4.49	4.70
Earnings	**12/16A**	**12/17E**	**12/18E**	**12/19E**
Sales growth (%)	(4.0)	(1.1)	2.1	0.5
EBIT growth (%)	3.3	(5.7)	6.1	1.8
Net profit growth (%)	5.4	5.9	11.4	2.6
EPS growth (%)	5.7	7.1	12.1	4.5
EBITDA margin (%)	19.4	20.7	21.1	21.3
EBIT margin (%)	15.4	14.7	15.3	15.5
Pretax margin (%)	13.5	14.7	15.1	15.4
Net margin (%)	10.2	10.9	11.9	12.2
Valuation	**12/16A**	**12/17E**	**12/18E**	**12/19E**
EV/EBITDA (x)	12.2	11.6	11.1	11.0
P/E (x)	17.6	16.5	14.7	14.0
Returns	**12/16A**	**12/17E**	**12/18E**	**12/19E**
ROIC (%)	16.0	14.5	16.3	16.6
Gearing	**12/16A**	**12/17E**	**12/18E**	**12/19E**
Net debt/equity (%)	388.7	384.5	341.3	304.0
Quarterly EPS	**Q1**	**Q2**	**Q3**	**Q4**
2016A	0.97	0.91	0.96	0.92
2017E	1.05	0.96	1.05	0.95
2018E	1.04	1.09	1.21	1.16

Company Background

Kellogg Company is engaged in the manufacture & marketing of ready-to-eat cereal & convenience foods. It principal products are ready-to-eat cereals & convenience foods, such as cookies, crackers, toaster pastries, frozen waffles & veggie foods

Blue/Grey Sky Scenario



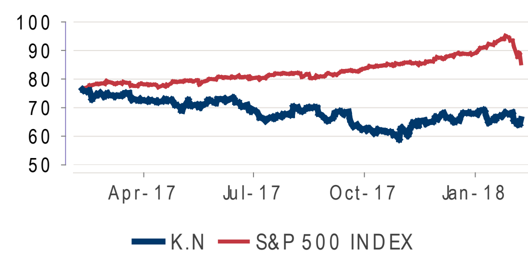
Our Blue Sky Scenario (US$)	**78.00**

Our blue sky scenario of $78 implies a re-rating of the forward P/E multiple to 17x if revenue trends begin improving or M&A speculation increases.

Our Grey Sky Scenario (US$)	**59.00**

Our grey sky scenario of $59 implies a reduction in the forward P/E multiple to 12.8x catalyzed by continued organic sales declines and an inability to drop cost savings from the U.S. snacks sales force transition to the bottom line.

Share price performance

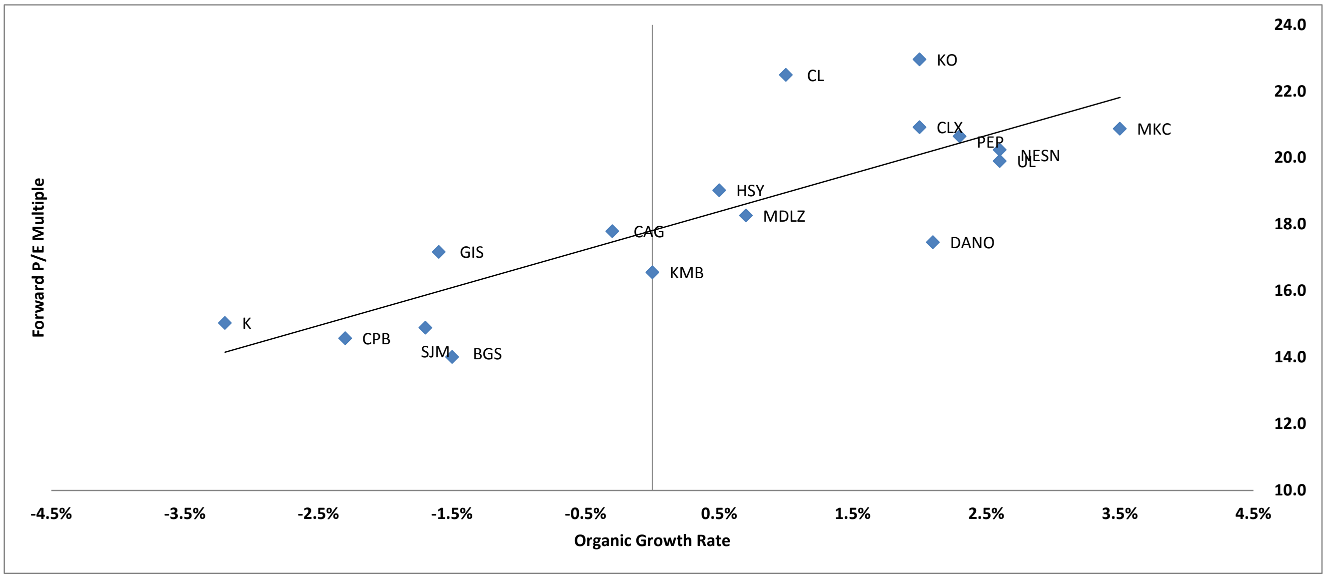


On 08-Feb-2018 the S&P 500 INDEX closed at 2581.0
Daily Feb08, 2017 - Feb08, 2018, 02/08/17 = US$73.49

Source: Company data, Thomson Reuters, Credit Suisse estimates

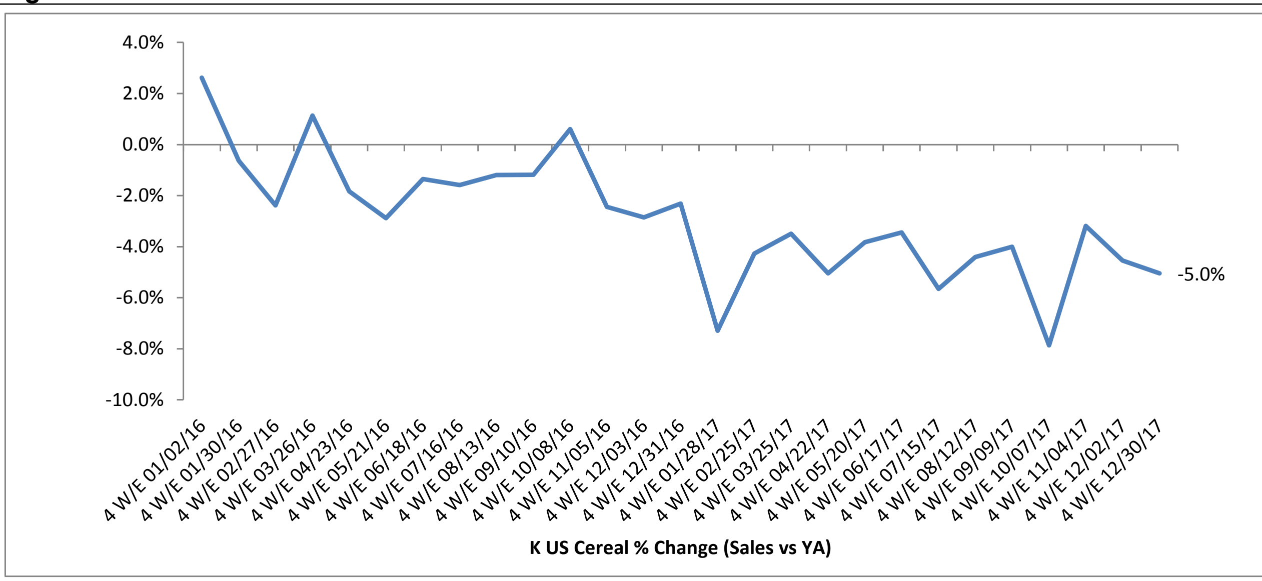
Supporting Data

Figure 1: Forward P/E multiples in the staples space show a strong relationship with organic growth rates



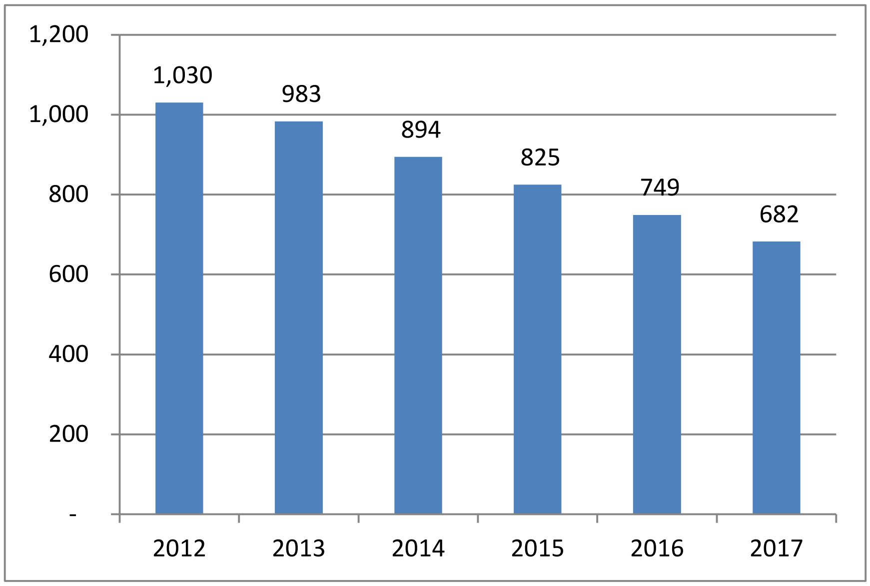
Source: Thomson Reuters, Company data, Credit Suisse estimates

Figure 2: Kellogg's U.S. breakfast cereal retail sales continue to decline, down 5% over the 4-week span ending 12/31/17



Source: Nielsen xAOC+C, Credit Suisse estimates, U.S. retail

Figure 3: Kellogg's U.S. snack bar business has declined at an 8% CAGR since 2012 in $ millions (ex the RXBAR acquisition)



Source: Nielsen xAOC.

4Q and 2018 Outlook

4Q Net sales grew 3.7% with organic sales declining 1.5%. Sales continued to sequentially improve. Operating profit and margin both grew due to cost reduction and productivity initiatives, partially offset by a double-digit increase in brand investment ($50M in total). The operating profit growth offset the higher tax rate and an increase in interest expense with the RXBar acquisition leading to an adjusted EPS of $0.96.

For FY17, the company grew the operating profit margin by nearly 80 bps to 16.8% led by efficiencies and savings initiatives, including DSD-related overhead reduction. Spending increased during the course of the year. Merchandising levels dipped below average in the 1H (especially on Pringles in the UK and in Morning Foods) then returned to normal in the 2H along with increased advertising in 4Q for U.S. Snacks.

- **U.S. Snacks** 4Q17 net sales fell 6% to $723M, while operating profit grew 18% to $127M due to the transition away from DSD. Promotional activity returned to normal year-ago levels while brand building investment saw a double-digit increase in 4Q. FY17 sales fell 4.1% while the operating profit grew 6%, largely driven by the DSD transition.
- **U.S. Morning Foods** 4Q17 net sales fell 5% to $670M due to cereal weakness, while the operating profit fell 14% to $126M due to an outsized 29% gain a year ago. Special K saw share gains while Pop-Tarts performance improved from commercial plans and strong in-store displays activity. New product launches Special K with Probiotics and Chocolate Frosted Flakes met with a favorable response in 4Q. FY17 sales fell 5.2% while operating profit grew 0.5%, broadly driven by cereal declines.
- **Specialty** 4Q17 sales grew 1.8% to $288M while operating profit grew 3% to $71M due to strength in the core channels of food service, convenience stores and vending. Foodservice benefited from additional FEMA orders after Southeastern US hurricanes in 3Q, while innovation and distribution also prompted gains. FY17 sales grew 2.9% while operating profit grew 9.4%.
- **North America Other** 4Q17 sales grew 9.9% to $412M while operating profit fell 5% to $62M as Frozen Foods showed momentum with Eggo and Morningstar Farms gaining share and growing consumption. Canada reported strong sales, while Kashi's Bear Naked brand was highlighted as the #1 U.S. granola brand on the back of strong innovation and distribution. FY17 sales grew 1.3% while operating profit grew 12.7%.
- **Europe** 4Q17 sales grew 10% to $614M while operating profit grew 1% to $84M. Pringles showed sequential growth after 1H's promotional activity disruption, and increased sales in emerging markets including Russia, Eastern Europe and Turkey. Cereal sales grew with increased advertising behind core brands, while wholesome snacks posted growth driven by Middle Eastern expansion. Europe broadly saw incremental brand building investment in 4Q, pulling down operating profits but setting a stronger tone for FY18 sales. FY17 sales declined 2.5% while operating profit fell 4%.
- **Latin America** sales grew 40% to $259M while operating profit grew 53% to $29M. 4Q began seeing sales stabilize after hurricane disruptions in 3Q and a trade inventory overhang from 1H. Mexico cereal and snacks consumption grew. Management stated that Parati had tripled the company's scale in Brazil, and the brand posted double-digit growth in 4Q and FY17 with market integration and expansion. FY17 sales grew 22.5% while operating profit grew 11%.
- **Asia Pacific** sales grew 8% to $243M while the operating profit grew 10% to $26M with growth in cereal and snacks driven by India, Korea and Australia. Snacks growth was driven by Pringles, while wholesome snacks posted strong growth in Korea and

began expanding in Asia and Africa. Regional JVs posted strong double-digit net sales growth as well. FY17 sales grew 5.6% while operating profit grew 21%.

2018 Guidance

- Flat net sales for FY18
  - Organic sales decline of -1% to 0%
  - DSD impact of -1% isolated to 1Q and 2Q. Improvements expected in the underlying business.
  - RXBar acquisition benefit of 1-2%
  - Operating profit in the first two quarters will be "flattish" versus year ago due to a continuation of $25M per quarter in investment spending. Profit growth will be strongest in 4Q based on the plan to return spending back to its "normal" level and compare to the $50M of outsized spending in 4Q 17.
- U.S. Snacks sales expected to "gradually improve" and drive strong operating profit growth. Full year of savings from the DSD transition will more than offset reinvestment spending. Lower ACV expected due to SKU rationalization and decline in secondary and tertiary displays; velocity expected to improve.
- U.S. Morning Foods expected to stabilize cereal declines with investment behind adult-segment brands and expanded e-commerce capabilities. Health benefits and taste-driven brand building combined with in-store execution will be priorities with Special K innovation. Operating profit expected to be down due to increased investment but offset by gradually improving sales.
- U.S. Specialty expected to see steady sales growth with expanded reach and improved core mix and share growth in key channels. Expect to lap unusual benefits such as hurricane-related shipments in 3Q and 4Q of FY17. Profit 'maybe' down per management, but only due to reallocation of manufacturing and warehousing costs from other NA units.
- North America Other expected to see steady frozen foods momentum, improvement in Canada and RXBar expansion. Frozen sales expected to continue improving from Eggo reformulations. Morningstar Farms sales expected to be driven by in-store support and brand building. Kashi Bear Naked and RXBar momentum expected to continue.
- Europe is expected to be stable and expand its operating margin. UK and Continental Europe remain "difficult." Pringles is expected to remain strong and enjoy an easy 1Q comparison. EM businesses (Russia, Egypt, etc.) should continue to grow.
- LatAm is expected to growth in Brazil (Parati acquisition), stabilization in Caribbean/Central America, and steady growth in Mexico. As a result, top line and bottom line for the segment will improve.
- Asia Pacific expected to see cereal and Pringles growth in Asia and Africa, stabilization in Australia and continued JV growth.
- Gross margin will face a headwind of the DSD-related reset, but will be offset by continued productivity-led improvement & price realization benefits. 'Stable to slightly improving' margin expected.
- Adjusted operating profit up 4-6% (FX neutral)
  - "Strong expansion' in operating margins as overhead savings from the DSD exit more than offset brand building investment

  - Expect to realize more than half of remaining Project K savings in FY18 as well as all of remaining ZBB savings; some will be used to cover modest cost inflation due to transportation, and reinvestment
  - RXBar will contribute 1-2% of overall profit growth
  - Continue brand building step-up in 1H18, hold operating profit to relatively modest growth before accelerating in 2H
- EPS guidance of 9-11% growth (FX neutral)
- FX impact to be 'modestly positive' in FY18
- Tax rate of 20-21%
  - Expect to use the tax reform cash flow benefit to deleverage the capital structure given the RXBar acquisition
  - Contribute cash to pension funds and shift to a less aggressive investment mix, accompanied by a reduction in ROA, pulling down pension income YoY.
- Modest decrease in shares outstanding
- 'Higher' interest expense due to the RXBar acquisition
- Cash flow of roughly $1.2-$1.3B

Capex of approximately $0.5B

Figure 4: Quarterly Income Statement

Restated 2017 sales and EPS $80M and $0.03 lower

($MM, except per share)	2016A MAR-Q1A	JUN-Q2A	SEP-Q3A	DEC-Q4A	2016A	2017A MAR-Q1A	JUN-Q2A	SEP-Q3A	DEC-Q4A	2017A	2018E MAR-Q1E	JUN-Q2E	SEP-Q3E	DEC-Q4E	2018E
Net sales	3,380	3,263	3,247	3,093	12,983	3,234	3,167	3,253	3,189	12,843	3,342	3,202	3,303	3,269	13,116
y/y growth %	*(4.9%)*	*(6.7%)*	*(2.6%)*	*(1.6%)*	*(4.0%)*	*(4.3%)*	*(2.9%)*	*0.2%*	*3.1%*	*(1.1%)*	*3.3%*	*1.1%*	*1.5%*	*2.5%*	*2.1%*
Cost of sales	2,090	1,968	1,971	1,862	7,891	2,031	1,935	2,006	1,990	7,961	2,099	1,956	2,030	2,026	8,111
Gross income	1,290	1,295	1,276	1,231	5,092	1,203	1,232	1,247	1,199	4,882	1,243	1,246	1,273	1,242	5,005
Margin %	*38.2%*	*39.7%*	*39.3%*	*39.8%*	*39.2%*	*37.2%*	*38.9%*	*38.3%*	*37.6%*	*38.0%*	*37.2%*	*38.9%*	*38.5%*	*38.0%*	*38.2%*
SG&A (ex one-time)	770	788	794	737	3,089	749	760	747	736	2,993	778	759	738	724	3,000
Margin %	*22.8%*	*24.1%*	*24.5%*	*23.8%*	*23.8%*	*23.2%*	*24.0%*	*23.0%*	*23.1%*	*23.3%*	*23.3%*	*23.7%*	*22.3%*	*22.2%*	*22.9%*
Operating income	**520**	**507**	**482**	**494**	**2,003**	**454**	**472**	**500**	**463**	**1,889**	**465**	**487**	**535**	**518**	**2,005**
y/y growth %	*(1.3%)*	*0.0%*	*3.7%*	*12.3%*	*3.3%*	*(12.7%)*	*(6.9%)*	*3.7%*	*(6.3%)*	*(5.7%)*	*2.4%*	*3.2%*	*7.0%*	*11.9%*	*6.1%*
Margin %	*15.4%*	*15.5%*	*14.8%*	*16.0%*	*15.4%*	*14.0%*	*14.9%*	*15.4%*	*14.5%*	*14.7%*	*13.9%*	*15.2%*	*16.2%*	*15.8%*	*15.3%*
Other income (expense)	0	4	3	2	9	70	61	65	56	252	59	59	62	62	242
Interest expense	(64)	(68)	(58)	(63)	(253)	(61)	(63)	(64)	(68)	(256)	(68)	(68)	(68)	(68)	(272)
Pretax income	456	443	427	433	1,759	463	470	501	451	1,885	456	478	529	512	1,975
Income tax	116	122	86	110	434	92	133	140	123	488	96	100	111	108	415
Tax rate	*25.4%*	*27.6%*	*20.1%*	*25.4%*	*24.7%*	*19.9%*	*28.3%*	*27.9%*	*27.3%*	*25.9%*	*21.0%*	*21.0%*	*21.0%*	*21.0%*	*21.0%*
Earnings/(loss) from JV	1	1	(1)	1	2	2	1	3	2	8	1	1	2	1	5
Net income	341	322	340	324	1,327	373	338	364	330	1,405	361	378	420	405	1,565
Diluted shares	*351*	*354*	*354*	*351*	*354*	*354*	*352*	*348*	*347*	*350*	*348*	*348*	*348*	*348*	*348*
Recurring EPS	**0.97**	**0.91**	**0.96**	**0.92**	**3.74**	**1.05**	**0.96**	**1.05**	**0.95**	**4.01**	**1.04**	**1.09**	**1.21**	**1.16**	**4.50**
y/y growth %	*(1.2%)*	*(1.2%)*	*13.6%*	*16.3%*	*5.7%*	*8.5%*	*5.6%*	*8.9%*	*3.0%*	*7.1%*	*(1.5%)*	*13.3%*	*15.4%*	*22.4%*	*12.1%*
Sales breakdown															
Volume	(0.7)	(1.6)	(1.7)	0.4	(0.9)	(5.7)	(5.2)	(1.6)	(0.1)	(3.2)	0.9	(0.9)	(0.7)	0.0	(0.2)
Price/Mix	7.3	10.2	0.7	0.7	4.9	1.3	1.4	0.2	(1.4)	0.4	(1.6)	(1.7)	0.1	0.2	(0.7)
Currency	(11.7)	(15.1)	(1.4)	(2.5)	(8.0)	(1.0)	(0.9)	0.6	1.9	0.1	2.8	2.5	0.8	1.1	1.8
Acquisitions	0.4	(0.1)	0.0	(0.0)	0.0	1.6	1.6	1.6	3.2	2.0	1.2	1.3	1.2	1.3	1.2
53rd week	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	(4.9)	(6.5)	(2.4)	(1.6)	(4.0)	(5.2)	(3.1)	0.8	3.7	(0.7)	3.3	1.1	1.5	2.5	2.2
Organic Growth Ex Venezuela	(1.0)	(2.0)	(1.6)	0.5	(1.1)	(4.4)	(3.8)	(1.4)	(1.4)	(2.8)	(0.6)	(2.6)	(0.5)	0.2	(0.9)

Source: Company data, Credit Suisse estimates

Figure 5: Segment Information

($MM, except per share)	2016A MAR	JUN	SEP	DEC	2016A	2017A MAR	JUN	SEP	DEC	2017A	2018E MAR	JUN	SEP	DEC	2018E
Sales															
North America	2,388	2,207	2,214	2,129	8,938	2,268	2,129	2,160	2,073	8,630	2,288	2,112	2,180	2,117	8,697
Morning Foods	*767*	*727*	*733*	*704*	*2,931*	*692*	*652*	*683*	*643*	*2,670*	*660*	*645*	*665*	*623*	*2,593*
Snacks	*832*	*803*	*796*	*767*	*3,198*	*788*	*810*	*767*	*730*	*3,095*	*760*	*770*	*767*	*730*	*3,027*
Specialty	*376*	*271*	*284*	*283*	*1,214*	*395*	*276*	*290*	*288*	*1,249*	*395*	*276*	*280*	*280*	*1,231*
Other	*413*	*406*	*401*	*375*	*1,595*	*393*	*391*	*420*	*412*	*1,616*	*473*	*421*	*468*	*484*	*1,846*
Europe	584	624	588	553	2,349	512	566	599	614	2,291	592	616	624	630	2,462
Latin America	192	204	197	187	780	222	234	240	259	955	223	227	243	272	965
Asia Pacific	216	228	248	224	916	232	238	254	243	967	239	248	256	249	993
Total	3,380	3,263	3,247	3,093	12,983	3,234	3,167	3,253	3,189	12,843	3,342	3,202	3,303	3,269	13,116
Sales Growth															
North America	(1.5%)	(3.5%)	(2.3%)	0.4%	(1.7%)	(5.0%)	(3.5%)	(2.4%)	(2.6%)	(3.4%)	0.9%	(0.8%)	0.9%	2.1%	0.8%
Morning Foods	*(1.2%)*	*(2.0%)*	*(3.8%)*	*(1.1%)*	*(2.0%)*	*(9.8%)*	*(10.3%)*	*(6.8%)*	*(8.7%)*	(8.9%)	*(4.6%)*	*(1.1%)*	*(2.6%)*	*(3.1%)*	(2.9%)
Snacks	*(2.6%)*	*(3.8%)*	*0.1%*	*2.3%*	*(1.1%)*	*(5.3%)*	*0.9%*	*(3.6%)*	*(4.8%)*	(3.2%)	*(3.6%)*	*(4.9%)*	*0.0%*	*0.0%*	(2.2%)
Specialty	*4.2%*	*0.4%*	*1.1%*	*5.2%*	*2.8%*	*5.1%*	*1.8%*	*2.1%*	*1.8%*	2.9%	*0.0%*	*0.0%*	*(3.4%)*	*(2.8%)*	(1.4%)
Other	*(4.6%)*	*(7.5%)*	*(5.9%)*	*(3.6%)*	*(5.5%)*	*(4.8%)*	*(3.7%)*	*4.7%*	*9.9%*	1.3%	*20.3%*	*7.6%*	*11.4%*	*17.5%*	14.2%
Europe	(3.8%)	(4.0%)	(6.4%)	(9.6%)	(5.9%)	(12.3%)	(9.3%)	0.8%	10.4%	(2.5%)	15.7%	8.8%	4.1%	2.7%	7.5%
Latin America	(34.9%)	(37.8%)	(2.5%)	(1.6%)	(23.2%)	15.6%	14.7%	25.5%	40.0%	22.4%	0.3%	(2.9%)	1.3%	5.0%	1.0%
Asia Pacific	(6.1%)	(2.6%)	5.5%	1.8%	(0.3%)	7.4%	4.4%	2.9%	8.1%	5.6%	3.2%	4.1%	0.9%	2.5%	2.6%
Total	(4.9%)	(6.7%)	(2.6%)	(1.6%)	(4.0%)	(4.3%)	(2.9%)	0.2%	3.1%	(1.1%)	3.3%	1.1%	1.5%	2.5%	2.1%
Operating Earnings															
North America	398	384	353	388	1,523	337	358	368	334	1,395	335	366	396	379	1,476
Morning Foods	*153*	*169*	*148*	146	616	*135*	*151*	*129*	100	514	*115*	*131*	*133*	113	492
Snacks	*103*	*103*	*86*	108	400	*68*	*93*	*112*	119	392	*80*	*105*	*120*	130	435
Specialty	*88*	*61*	*69*	69	287	*86*	*61*	*66*	61	273	*88*	*67*	*69*	67	291
Other	*54*	*51*	*50*	65	220	*48*	*53*	*61*	54	216	*52*	*63*	*74*	69	258
Europe	84	81	84	83	332	62	68	75	74	277	72	70	80	80	302
Latin America	29	31	28	19	107	31	25	22	25	103	33	28	24	28	113
Asia Pacific	17	16	23	24	80	20	19	23	23	84	23	22	25	25	95
Mark for Pension accounting															
Corporate	(8)	(5)	(6)	(20)	(39)	5	3	13	8	29	2	1	10	6	19
Total Reported Operating Profit	520	507	482	494	2,003	454	472	500	463	1,889	465	487	535	518	2,005
M2M Adjustment	24	0	31	0	55	0	7	104	0	111	0	0	0	0	0
Adjusted Operating Profit	520	507	482	494	2,003	454	472	500	463	1,889	465	487	535	518	2,005

Source: Company data, Credit Suisse estimates

Figure 6: Segment Information

	2016A					2017A					2018E				
($MM, except per share)	**MAR**	**JUN**	**SEP**	**DEC**	**2016A**	**MAR**	**JUN**	**SEP**	**DEC**	**2017A**	**MAR**	**JUN**	**SEP**	**DEC**	**2018E**
Operating Earnings Growth															
North America	8.2%	4.6%	5.1%	15.8%	8.3%	(15.5%)	(6.9%)	4.1%	(14.0%)	(8.4%)	(0.4%)	2.4%	7.8%	13.6%	5.8%
Morning Foods & Kashi	*13.3%*	17.4%	5.7%	29.2%	15.8%	*(11.9%)*	(10.7%)	(12.9%)	(31.6%)	*(16.5%)*	*(14.7%)*	(13.2%)	3.2%	13.2%	*(4.4%)*
Snacks	*15.7%*	0.0%	11.7%	9.1%	*8.7%*	*(33.9%)*	(9.7%)	30.3%	10.2%	*(2.0%)*	*17.6%*	12.8%	7.1%	9.2%	*10.9%*
Specialty	*11.4%*	1.7%	7.8%	11.3%	*8.3%*	*(2.6%)*	(0.5%)	(4.8%)	(12.0%)	*(4.9%)*	*2.7%*	10.4%	5.0%	10.4%	*6.7%*
Other	*(16.9%)*	(15.0%)	(9.1%)	6.6%	*(8.7%)*	*(11.3%)*	3.7%	21.8%	(17.1%)	*(2.0%)*	*8.6%*	19.1%	21.5%	28.0%	*19.7%*
Europe	(1.2%)	(2.4%)	1.2%	7.8%	1.2%	(26.7%)	(16.5%)	(11.2%)	(11.3%)	(16.4%)	16.9%	3.6%	7.2%	8.7%	8.9%
Latin America	(43.1%)	(34.0%)	21.7%	35.7%	(20.7%)	7.2%	(19.0%)	(21.1%)	32.1%	(3.4%)	6.1%	11.6%	8.6%	11.6%	9.3%
Asia Pacific	(15.0%)	6.7%	9.5%	(4.0%)	(1.2%)	16.5%	17.5%	(0.9%)	(5.0%)	5.3%	16.2%	17.0%	9.6%	9.6%	12.8%
Total	(1.3%)	0.0%	3.7%	12.3%	3.3%	(12.7%)	(6.9%)	3.7%	(6.3%)	(5.7%)	2.4%	3.2%	7.0%	11.9%	6.1%
Operating Margins															
North America	16.7%	17.4%	15.9%	18.2%	17.0%	14.8%	16.8%	17.0%	16.1%	16.2%	14.6%	17.3%	18.2%	17.9%	17.0%
Morning Foods	*19.9%*	*23.2%*	*20.2%*	*20.7%*	*21.0%*	*19.5%*	*23.1%*	*18.9%*	*15.5%*	*19.3%*	*17.4%*	*20.3%*	*20.0%*	*18.1%*	*19.0%*
Snacks	*12.4%*	*12.8%*	*10.8%*	*14.1%*	*12.5%*	*8.6%*	*11.5%*	*14.6%*	*16.3%*	*12.7%*	*10.5%*	*13.6%*	*15.6%*	*17.8%*	*14.4%*
Specialty	*23.4%*	*22.5%*	*24.3%*	*24.4%*	*23.6%*	*21.7%*	*22.0%*	*22.7%*	*21.1%*	*21.8%*	*22.3%*	*24.3%*	*24.6%*	*23.9%*	*23.6%*
Other	*13.1%*	*12.6%*	*12.5%*	*17.3%*	*13.8%*	*12.2%*	*13.5%*	*14.5%*	*13.1%*	*13.3%*	*11.0%*	*15.0%*	*15.8%*	*14.2%*	*14.0%*
Europe	14.4%	13.0%	14.3%	15.0%	14.1%	12.0%	11.9%	12.5%	12.0%	12.1%	12.2%	11.4%	12.8%	12.7%	12.3%
Latin America	15.1%	15.2%	14.2%	10.2%	13.7%	14.0%	10.7%	9.2%	9.7%	10.8%	14.8%	12.3%	9.9%	10.3%	11.7%
Asia Pacific	7.9%	7.0%	9.3%	10.7%	8.7%	8.5%	7.9%	9.0%	9.4%	8.7%	9.6%	8.9%	9.8%	10.0%	9.6%
Total	15.4%	15.5%	14.8%	16.0%	15.4%	14.0%	14.9%	15.4%	14.5%	14.7%	13.9%	15.2%	16.2%	15.8%	15.3%
Total Adjusted Operating Profit	15.4%	15.5%	14.8%	16.0%	15.4%	14.0%	14.9%	15.4%	14.5%	14.7%	13.9%	15.2%	16.2%	15.8%	15.3%

Source: Company data, Credit Suisse estimates

Figure 7: Segment Information

	2016A					2017A					2018E				
Volume	MAR	JUN	SEP	DEC	2016A	MAR	JUN	SEP	DEC	2017A	MAR	JUN	SEP	DEC	2018E
North America	(1.1%)	(2.4%)	(1.9%)	0.5%	(1.2%)	(4.9%)	(4.3%)	(1.0%)	(0.7%)	(2.8%)	1.0%	(1.0%)	(1.0%)	0.0%	(0.2%)
Europe	1.6%	(0.4%)	(1.1%)	0.6%	0.2%	(10.9%)	(9.8%)	(2.5%)	0.5%	(5.4%)	2.0%	(1.0%)	(1.0%)	(1.0%)	(0.3%)
Latin America	(3.2%)	(4.9%)	(4.6%)	(2.9%)	(3.9%)	(6.0%)	(6.7%)	(8.2%)	(0.4%)	(5.2%)	(1.0%)	(1.0%)	2.5%	2.5%	0.8%
Asia Pacific	0.7%	5.8%	1.0%	2.6%	2.5%	2.2%	0.1%	2.7%	4.4%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	(0.7%)	(1.7%)	(1.7%)	0.4%	(0.9%)	(5.7%)	(5.2%)	(1.6%)	(0.1%)	(3.0%)	0.9%	(0.9%)	(0.7%)	0.0%	(0.2%)
Price/Mix															
North America	(0.1%)	(0.8%)	(0.4%)	(0.1%)	(0.3%)	0.5%	0.8%	(0.9%)	(2.6%)	(0.5%)	(2.5%)	(2.5%)	0.0%	0.0%	(1.3%)
Europe	(2.5%)	0.4%	(0.3%)	(1.7%)	(1.0%)	2.6%	2.2%	1.4%	2.5%	2.2%	1.0%	0.0%	0.0%	0.0%	0.2%
Latin America	93.5%	116.8%	16.6%	18.2%	62.1%	5.1%	4.2%	6.1%	(0.1%)	3.7%	0.0%	0.0%	2.0%	2.0%	1.1%
Asia Pacific	0.2%	(2.4%)	0.0%	(1.4%)	(0.9%)	0.7%	2.4%	(0.7%)	(0.1%)	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	7.3%	10.3%	0.7%	0.7%	4.2%	1.3%	1.4%	0.2%	(1.4%)	0.3%	(1.6%)	(1.7%)	0.1%	0.2%	(0.7%)
F/X															
North America	(0.4%)	(0.3%)	0.1%	0.1%	(0.1%)	0.1%	0.0%	0.3%	0.3%	0.2%	0.6%	0.8%	0.1%	0.2%	0.4%
Europe	(3.5%)	(3.9%)	(5.2%)	(8.5%)	(5.2%)	(6.5%)	(5.1%)	1.2%	7.4%	(0.4%)	12.7%	9.8%	5.1%	3.7%	7.7%
Latin America	(125.2%)	(149.8%)	(14.2%)	(16.9%)	(77.6%)	(2.9%)	(1.9%)	3.2%	2.4%	0.3%	1.3%	(1.9%)	(3.2%)	0.5%	(0.8%)
Asia Pacific	(6.5%)	0.5%	5.1%	2.1%	0.5%	4.4%	3.2%	0.9%	3.8%	3.0%	3.2%	4.1%	0.9%	2.5%	2.7%
Total	(11.7%)	(14.9%)	(1.4%)	(2.5%)	(6.8%)	(1.0%)	(0.9%)	0.6%	1.9%	0.3%	2.8%	2.5%	0.8%	1.1%	1.8%
Acquisitions															
North America	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	1.3%	0.3%	1.8%	1.9%	1.9%	1.9%	1.9%
Europe	2.3%	0.0%	0.0%	0.5%	0.7%	0.5%	0.6%	0.7%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Latin America	0.0%	0.0%	0.0%	0.0%	0.0%	24.4%	23.4%	24.4%	38.1%	27.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia Pacific	(0.2%)	0.0%	0.0%	(1.7%)	(0.5%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	0.4%	0.0%	0.0%	(0.0%)	0.1%	1.6%	1.6%	1.6%	3.2%	2.0%	1.2%	1.3%	1.2%	1.3%	1.2%
Total															
North America	(1.5%)	(3.5%)	(2.2%)	0.5%	(1.7%)	(4.2%)	(3.5%)	(2.4%)	(1.7%)	(3.0%)	0.9%	(0.8%)	0.9%	2.1%	0.8%
Europe	(2.1%)	(3.9%)	(6.6%)	(9.1%)	(5.4%)	(14.3%)	(12.1%)	0.8%	10.4%	(3.2%)	15.7%	8.8%	4.1%	2.7%	7.7%
Latin America	(34.9%)	(37.9%)	(2.2%)	(1.6%)	(19.4%)	20.6%	19.0%	25.5%	40.0%	26.7%	0.3%	(2.9%)	1.3%	5.0%	1.1%
Asia Pacific	(5.8%)	3.9%	6.1%	1.6%	1.7%	7.3%	5.7%	2.9%	8.1%	5.9%	3.2%	4.1%	0.9%	2.5%	2.7%
Total	(4.7%)	(6.3%)	(2.4%)	(1.4%)	(3.5%)	(3.8%)	(3.1%)	0.3%	3.7%	(0.6%)	3.3%	1.1%	1.5%	2.5%	2.2%

Source: Company data, Credit Suisse estimates

Figure 8: Drivers

	2016A					2017E					2018E				
	MAR-A	JUN-A	SEP-A	DEC-A	2016A	MAR-A	JUN-A	SEP-E	DEC-E	2017E	MAR-E	JUN-E	SEP-E	DEC-E	2018E
Net Income	175	280	292	(52)	695	262	282	317	408	1,269	391	391	391	391	1,565
Cash	310	531	346	280	280	298	334	267	281	234	256	277	298	319	319
Inventory	1,198	1,216	1,220	1,238	1,238	1,195	1,201	1,195	1,217	1,283	1,289	1,295	1,301	1,307	1,307
A/R	1,505	1,473	1,523	1,231	1,231	1,464	1,427	1,512	1,389	1,337	1,344	1,351	1,358	1,366	1,366
A/P	1,926	1,988	1,986	2,014	2,014	1,995	2,057	2,140	2,269	1,880	1,889	1,897	1,906	1,915	1,915
Working Capital	777	701	757	455	455	664	571	567	337	740	744	749	753	757	757
Capital Expenditures	(144)	(105)	(127)	(131)	(507)	(130)	(138)	(125)	(108)	(500)	(131)	(131)	(131)	(131)	(525)
Depreciation + Amortization	115	136	106	160	517	121	119	120	121	517	131	131	131	131	522
Intangibles	7,267	7,245	7,258	7,535	7,535	7,526	7,550	7,577	8,143	7,535	7,535	7,535	7,535	7,535	7,535
Total Assets	15,297	15,387	15,319	15,111	15,111	15,427	15,535	15,641	16,350	15,199	15,234	15,269	15,304	15,339	15,339
Total Current Liabilities	5,162	5,271	5,001	4,474	4,474	4,732	4,688	4,647	4,479	4,340	4,350	4,361	4,371	4,381	4,381
Total Liabilities	13,256	13,387	13,119	13,185	13,185	13,405	13,701	13,698	14,122	13,201	13,186	13,172	13,157	13,142	13,142
Shareholder's Equity	2,031	1,990	2,185	1,911	1,911	2,006	1,834	1,927	2,212	1,983	2,033	2,082	2,132	2,182	2,182
Current Debt	1,982	1,924	1,592	1,069	1,069	1,261	1,135	982	779	1,069	1,069	1,069	1,069	1,069	1,069
Total Debt	8,238	8,201	7,888	7,767	7,767	7,976	8,258	8,198	8,615	7,917	7,892	7,867	7,842	7,817	7,817
Net Debt	7,707	7,855	7,608	7,487	7,487	7,642	7,991	7,917	8,381	7,683	7,615	7,569	7,523	7,498	7,498
Invested Capital	11,586	11,694	11,630	11,426	11,426	11,622	11,715	11,695	12,416	11,694	11,676	11,680	11,683	11,708	11,708
EBIT	520	507	482	494	2,003	454	472	500	463	1,889	465	487	535	518	2,005
NOPAT	388	367	385	369	1,508	364	338	360	337	1,400	367	385	423	409	1,584
ROIC	13.4%	12.6%	13.2%	12.9%	13.2%	12.5%	11.6%	12.3%	10.8%	12.0%	12.6%	13.2%	14.5%	14.0%	13.5%
EBITDA	635	643	588	654	2,520	645	652	685	640	2,658	655	677	728	711	2,769
Operating Cash Flow	5	643	373	607	1,628	211	443	412	501	1,637	519	519	519	519	2,076
Free Cash Flow	(139)	538	246	476	1,121	81	305	286	393	1,137	388	388	388	388	1,551
Acquisitions	(18)	3	(6)	(377)	(398)	0	4	(148)	(448)	(592)					
Share Repurchase	(198)	(188)	(40)	0	(426)	(125)	(265)	(129)	3	(750)	(189)	(189)	(189)	(189)	(758)
Share Issuances	164	69	123	12	368	40	25	24	8	160	42	42	42	42	170
Gross Debt Incr (Reduce)					132					150					(100)
Dividends	(176)	(175)	(182)	(183)	(716)	(182)	(181)	(184)	(189)	(743)	(195)	(195)	(195)	(195)	(778)
Dividends/Share	$0.50	$0.50	$0.52	$0.52	$2.04	$0.52	$0.52	$0.54	$0.54	$2.12	$0.52	$0.52	$0.54	$0.54	$2.24
Debt/EBITDA					3.0					2.9					2.7

Source: Company data, Credit Suisse estimates

Figure 9: Annual Income Statement

($MM, except per share)	2013A	2014A	2015A	2016A	2017A	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
					Operating Profit Restated for Pension Accounting beginning 2017								
Net sales	14,792	14,580	13,528	**12,983**	**12,843**	**13,116**	13,182	13,314	13,447	13,581	13,717	13,854	13,993
y/y growth %	*4.2%*	*(1.4%)*	*(7.2%)*	*(4.0%)*	*(1.1%)*	*2.1%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
Cost of sales	9,028	8,906	8,235	7,891	7,961	8,111	8,041	8,148	8,256	8,366	8,477	8,590	8,703
COGS %	*61.0%*	*61.1%*	*60.9%*	*60.8%*	*62.0%*	*61.8%*	*61.0%*	*61.2%*	*61.4%*	*61.6%*	*61.8%*	*62.0%*	*62.2%*
Gross income	5,764	5,674	5,293	5,092	4,882	5,005	5,141	5,166	5,190	5,215	5,240	5,265	5,289
Gross margin	***39.0%***	***38.9%***	***39.1%***	***39.2%***	***38.0%***	***38.2%***	***39.0%***	***38.8%***	***38.6%***	***38.4%***	***38.2%***	***38.0%***	***37.8%***
SG&A	3,601	3,519	3,354	3,089	2,993	3,000	3,100	3,063	3,025	2,985	2,943	2,898	2,852
Margin %	*24.3%*	*24.1%*	*24.8%*	*23.8%*	*23.3%*	*22.9%*	*23.5%*	*23.0%*	*22.5%*	*22.0%*	*21.5%*	*20.9%*	*20.4%*
Integration Charges	65	52	24	0	0	0							
M2M pension restatement	1,069	1,007	882	0	0	0							
Operating income	**2,163**	**2,155**	**1,939**	**2,003**	**1,889**	**2,005**	**2,041**	**2,102**	**2,165**	**2,230**	**2,297**	**2,366**	**2,437**
Margin %	*14.6%*	*14.8%*	*14.3%*	*15.4%*	*14.7%*	*15.3%*	*15.5%*	*15.8%*	*16.1%*	*16.4%*	*16.7%*	*17.1%*	*17.4%*
y/y growth %	*3.5%*	*(0.4%)*	*(10.0%)*	*3.3%*	*(5.7%)*	*6.1%*	*1.8%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Other Income	4	10	(21)	9	252	242	243	246	248	251	253	256	258
Interest expense	(235)	(209)	(227)	(253)	(256)	(272)	(250)	(245)	(240)	(235)	(231)	(226)	(221)
Pretax income	1,932	1,956	1,691	1,759	1,885	1,975	2,034	2,103	2,173	2,246	2,320	2,396	2,474
Income tax	546	551	432	434	488	415	433	442	456	472	487	503	520
Earnings/(loss) from JV	(7)	(7)	0	2	8	5	5						
Tax rate	*28.3%*	*28.2%*	*25.6%*	*24.7%*	*25.9%*	*21.0%*	*21.3%*	*21.0%*	*21.0%*	*21.0%*	*21.0%*	*21.0%*	*21.0%*
Net income	1,378	1,398	1,259	1,327	1,405	1,565	1,606	1,661	1,717	1,774	1,833	1,893	1,954
EPS	**$3.77**	**$3.88**	**$3.54**	**$3.74**	**$4.01**	**$4.50**	**$4.70**	**$4.95**	**$5.20**	**$5.46**	**$5.74**	**$6.02**	**$6.31**
y/y growth %	*4.6%*	*3.0%*	*(8.8%)*	*5.7%*	*7.1%*	*12.1%*	*4.5%*	*5.3%*	*5.1%*	*5.1%*	*5.0%*	*4.9%*	*4.9%*
Diluted shs. outstanding	365	360	355	354	350	348	342	336	330	325	319	314	310
EBITDA	2,695	2,658	2,473	2,520	2,658	2,769	2,812	2,881	2,951	3,024	3,099	3,176	3,255
Net Debt	7,085	6,927	7,508	7,487	7,683	7,498	7,283	7,037	6,780	6,510	6,265	6,009	5,741
Debt/EBITDA	*2.6*	*2.6*	*3.0*	*3.0*	*2.9*	*2.7*	*2.6*	*2.4*	*2.3*	*2.2*	*2.0*	*1.9*	*1.8*
Volume	-0.5%	-2.5%	-0.7%	-0.9%	-3.2%	-0.2%							
Price/Mix	0.8%	0.5%	1.9%	4.9%	0.4%	-0.7%							
Currency	-0.7%	-0.8%	-7.5%	-8.0%	0.1%	1.8%							
Acquisitions	4.6%	0.0%	0.4%	0.0%	2.0%	1.2%							
53rd week	0.0%	1.3%	-1.3%	0.0%	0.0%	0.0%							
Organic Growth ex Venezuela			-0.8%	-1.1%									

Source: Company data, Credit Suisse estimates

Companies Mentioned *(Price as of 08-Feb-2018)*
Kellogg Company (K.N, $65.98, NEUTRAL, TP $70.0)

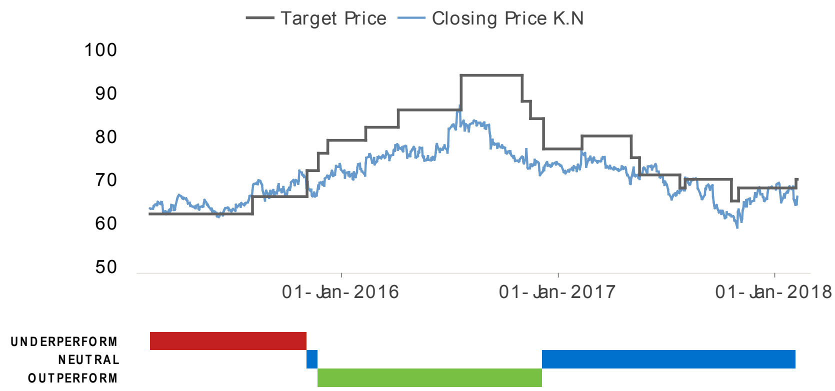
Disclosure Appendix

Analyst Certification

I, Robert Moskow, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Kellogg Company (K.N)

K.N Date	Closing Price (US$)	Target Price (US$)	Rating
12-Feb-15	63.30	62.00	U
04-Aug-15	67.50	66.00	
04-Nov-15	68.68	72.00	N
23-Nov-15	68.57	76.00	O
09-Dec-15	70.60	79.00	
11-Feb-16	73.69	82.00	
06-Apr-16	77.78	86.00	
21-Jul-16	82.48	94.00	
01-Nov-16	75.21	88.00	
15-Nov-16	73.40	84.00	
07-Dec-16	72.65	77.00	N
10-Feb-17	76.00	80.00	
04-May-17	70.40	75.00	
18-May-17	70.08	71.00	
25-Jul-17	67.57	68.00	
03-Aug-17	70.36	70.00	
20-Oct-17	61.45	65.00	
01-Nov-17	63.01	68.00	
06-Feb-18	65.16	70.00	



** Asterisk signifies initiation or assumption of coverage.*

The analyst(s) responsible for preparing this research report received Compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

As of December 10, 2012 Analysts' stock rating are defined as follows:

Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.
Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.
Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

**Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin American and Asia stocks (excluding Japan and Australia), ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark (India - S&P BSE Sensex Index); prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.*

Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.
Not Rated (NR) : Credit Suisse Equity Research does not have an investment rating or view on the stock or any other securities related to the company at this time.
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Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:

Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.
Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.
Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.
**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

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Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
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Neutral/Hold*	38%	(61% banking clients)
Underperform/Sell*	13%	(54% banking clients)
Restricted	2%	

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Target Price and Rating
Valuation Methodology and Risks: (12 months) for Kellogg Company (K.N)

Method: Our $70/share target price and Neutral rating reflects a 15x P/E against our 2019 EPS estimate. This represents a 17% discount to U.S. food peers compared to a 10% historical average due our concerns about persistently negative sales trends. For context, our analysis indicates a 67% positive r-squared relationship between P/E multiples and organic growth in the staples sector.

Risk: Risk factors that could impede the achievement of our $70 target price and Neutral Rating are 1) breakfast cereal consumption declines becoming structural, 2) increased price pressure from retailer customers and competition, or 3) distribution losses in U.S. snacks during the transition away from direct-store distribution.

Please refer to the firm's disclosure website at https://rave.credit-suisse.com/disclosures/view/selectArchive for the definitions of abbreviations typically used in the target price method and risk sections.

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| Food Producers | 12m target downgrade | United States | @ Go to SG website

Kellogg

Back to basics: growth and margin

Hold

Price 08/02/18	$66.0
12m target	$73.0
Upside to TP	10.6%
12m f'cast div	$2.12
12m TSR	13.9%

Main changes since last report

Target ($)	↓73.0	(75.0)
EPS 18e ($)	↑4.34 (4.33)	+0.3%
EPS 19e ($)	↓4.52 (4.59)	-1.5%
EPS 20e ($)	4.85	nc

new vs (old) nc: no change

Preferred stock
BN FP, UNA NA, CHR DC

Least preferred stock
PFD LN, ARYN VX

SG strategy team sector weighting
Neutral

Share price performance

Source: SG Cross Asset Research/Equity

Perf. (%)	1m	3m	12m	ytd
Share	-4.6	5.0	-10.2	-2.9
Rel. index*	0.7	5.3	-20.9	-0.2
Rel. sector**	0.8	6.5	-12.3	2.1

* MSCI World ($)
** MSCI World Food Product ($)

RIC K.N, Bloom K US	
52-week range	76.4-58.9
EV 18 ($m)	30,814
Mkt cap. ($m)	23,267
Free float (%)	79.5
No. shares o/s (m)	353
Avg vol. 3m (No. shares)	786,469


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Kellogg's 4Q results were in line and it seems to have weathered the (DSD) storm. The FY18 margin target (18%) has been reiterated and the emphasis on achieving growth and margin simultaneously was encouraging. The company will discuss its long-term strategy at CAGNY and is likely to be focused on EM expansion, deleveraging and bolt-on M&A. We cut our 2019e EPS and hence our TP to $73 (was $75). Hold.

We were impressed by new CEO Steve Cahillane This was his first results call. He seems to have a much sharper focus on top-line growth than we have seen among other US Food CEOs, and emphasised that Kellogg's future will be about both growth and margin. More details on the long-term strategy will likely be provided at CAGNY, but the key pillars, in our view, are likely to be: 1) accelerating EM growth; 2) scaling up LatAm and delivering on Parati cost synergies; 3) deleveraging, as net debt/EBITDA is high post the RxBar and Parati acquisitions; and 4) disciplined bolt-on M&A outside the US.

US issues remain, but growth to be EM driven The US cereal business remains the main issue, as category growth is not showing any signs of improvement while the company tries to get the positioning right for its main brand, Special K. While stabilising the N.Am. business is crucial, equally, EMs is where all the growth is, and hence is becoming a bigger focus for management. However, EMs still only account for c.10% of group sales, according to our estimates, and we think the region making a meaningful contribution is more of a 2020 story, unless Kellogg makes any acquisitions (e.g. its JVs).

Margins – 2018 and beyond The company reiterated its 2018 EBIT margin target of 18% but, more importantly, said that it is not the "finish line", implying that further upside remains. Kellogg over-indexes on brand investment compared with its peer group, and sees it as a margin opportunity. Additionally, EBIT margins in the Asia and LatAm businesses are only in the high single digits vs high teens in N.Am., and the gap is only going to narrow as Kellogg achieves scale in these regions.

2018 guidance Kellogg guides for flat sales growth, 4-6% EBIT growth and 9-11% EPS growth. We see some upside to the "prudent" top-line growth estimate, given the double-digit increase in A&P spend in FY17 and plans to increase it further in FY18 to support innovation.

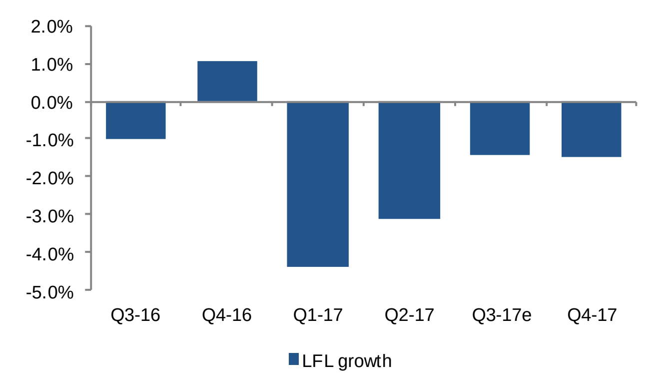
Valuation We keep our EPS estimates largely unchanged but roll forward to a 2019 sector P/E multiple of 18x. Given our 10% valuation discount, this implies a multiple of 16.2x and a TP of $73.

Financial data	12/17	12/18e	12/19e	12/20e
Revenues ($bn)	12.9	13.2	13.3	13.6
Rev. yoy growth (%)	-0.7	2.0	0.9	2.0
EBIT margin (%)	16.6	17.6	17.9	18.3
Rep. net inc. ($bn)	1.42	1.11	1.15	1.25
EPS (adj.) ($)	4.04	4.34	4.52	4.85
EPS yoy growth (%)	8.2	7.4	4.1	7.2
Dividend/share ($)	2.12	2.27	2.36	2.53
Dividend yoy growth (%)	3.7	7.0	4.1	7.2
Payout (%)	52	52	52	52

Ratios	12/17	12/18e	12/19e	12/20e
P/E (x)	17.1	15.2	14.6	13.6
FCF yield (/EV) (%)	4.3	5.1	5.3	5.6
Dividend yield (%)	3.1	3.4	3.6	3.8
Price/book value (x)	10.9	9.81	9.19	8.52
EV/revenues (x)	2.51	2.34	2.28	2.19
EV/EBIT (x)	15.1	13.3	12.7	12.0
EV/IC (x)	2.9	2.7	2.7	2.7
ROIC/WACC (x)	1.8	2.0	2.1	2.2
Net Debt/EBITDA (x)	3.17	2.85	2.69	2.50

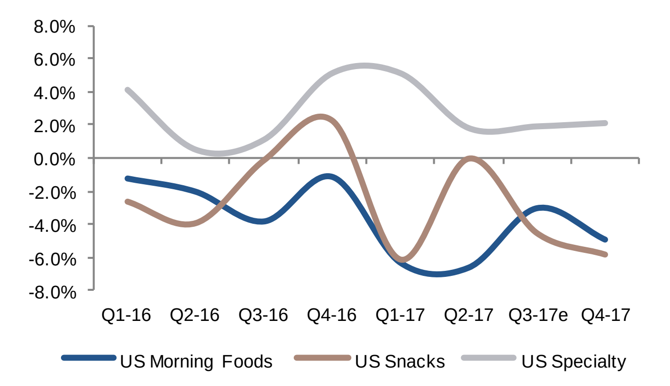
Kellogg in charts

Quarterly group OSG



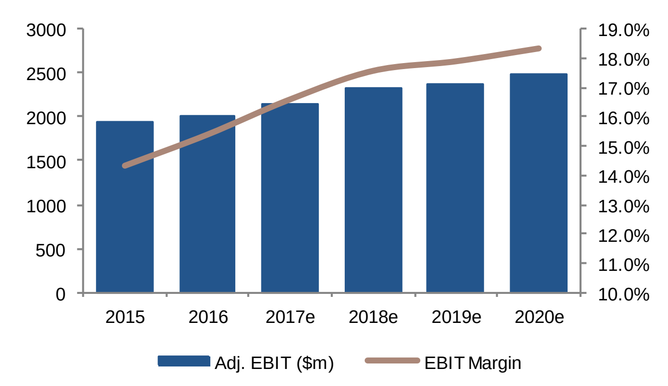
Source: SG Cross Asset Research/Equity, Company Data

US LFL growth by category



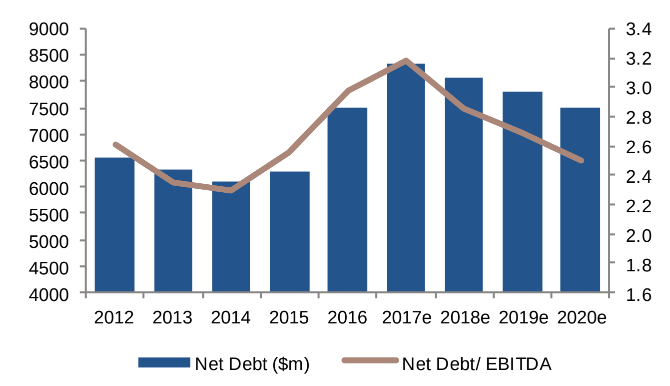
Source: SG Cross Asset Research/Equity, Company Data

Adj. EBIT and margin



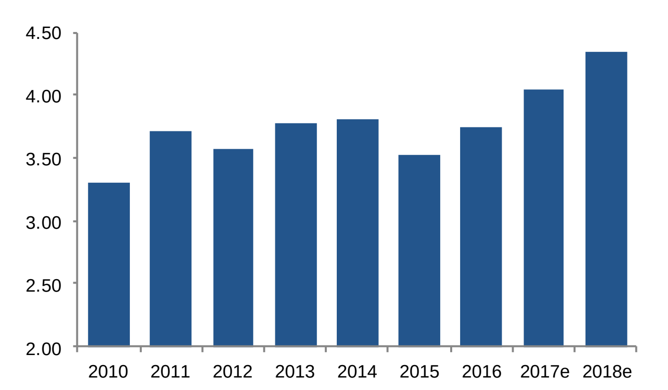
Source: SG Cross Asset Research/Equity, Company Data

Net debt/EBITDA



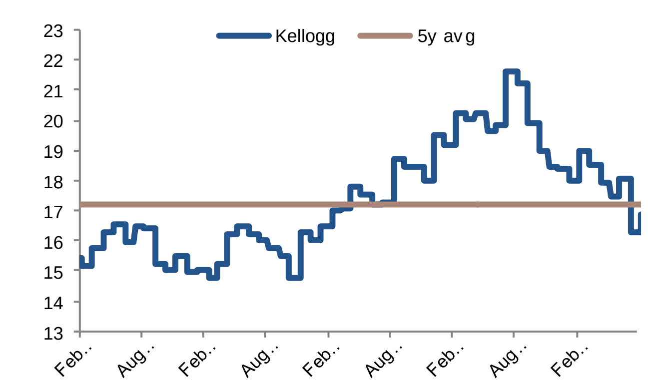
Source: SG Cross Asset Research/Equity, Company Data

Adj. EPS ($)



Source: SG Cross Asset Research/Equity, Company Data

12m fwd P/E



Source: Datastream

15 Questions for management

Strategic

1. On a low base of -3% OSG in FY17, your guidance is only for -1% to -2% OSG in FY18. Given accelerating Asia business and resilient US snacks growth, do you see upside to this target? What is underlying growth of your categories?

2. How are consumer trends changing in US Cereals? What sustainable category growth do you think is likely on a two- to three-year view? You mentioned at FY17 results that the health and wellness category was weak – what was behind this?

3. Growth in the Pringles business has been strong. How sustainable is it? How do you keep pace with millennials' preferences vs innovating/repositioning the current product portfolio?

4. You are looking to double your EM business by increasing your Asian business twofold, tripling your Arabian business, accelerating LatAm and transforming Africa. How do you plan to go about achieving these goals?

5. Can you elaborate on the Kellogg 2020 vision? What are the key building blocks?

Operational

6. How is Kellogg positioned in e-commerce around the world?

7. What is your outlook for A&P spend? What is the weight of your digital spend?

8. Other than cost savings, what advantages do you see in a warehouse model vs DSD?

9. You've invested a lot to turn Kashi around (innovation and marketing). When do you expect to really see the results? How are you planning to unlock the full potential of the brand?

10. Are there any fundamental reasons behind European cereals lagging other categories? Are retailers continuing to reduce space for centre-of-store categories, such as breakfast cereals?

Financial

11. You've continually improved on working capital (c.3.0% sales in FY17 vs 7.3% in 1H15). How much further potential do you see here?

12. What is the outlook for input costs in FY18?

13. How much is the international rollout of ZBB expected to provide in savings in 2017-18? Are you seeing any challenges implementing this outside the US, e.g. for LatAm, where you recently rolled out?

14. What is the size of the cost savings opportunity in Parati?

15. What balance of volume/pricing do you expect in the near term? Do you see volumes recovering as macros improve?

Kellogg financials

Divisional forecasts

Year to December, $m	2015	2016	2017	2018e	2019e
North America sales	9,094	8,941	8,710	8,804	8,818
North America OSG	**-1.6%**	**-1.6%**	**-3.0%**	**-1.0%**	**0.2%**
North America EBIT	1,406	1,523	1,604	1,655	1,693
North America margin	15.5%	17.0%	18.4%	18.8%	19.2%
Europe sales	2,497	2,377	2,291	2,360	2,395
Europe OSG	**-1.5%**	**-0.9%**	**-3.4%**	**1.0%**	**1.5%**
Europe EBIT	328	332	320	342	352
Europe margin	13.1%	14.0%	14.0%	14.5%	14.7%
Latin America sales	1,015	780	955	1,013	1,043
Latin America OSG	**17.8%**	**67.7%**	**-1.9%**	**2.0%**	**3.0%**
Latin America EBIT	135	107	94	122	136
Latin America margin	13.3%	13.7%	9.8%	12.0%	13.0%
Asia Pacific sales	919	916	967	1,010	1,056
Asia Pacific OSG	**3.8%**	**1.6%**	**2.8%**	**4.5%**	**4.5%**
Asia-Pacific EBIT	80	80	97	105	112
Asia-Pacific margin	8.7%	8.7%	10.0%	10.4%	10.6%
Group sales	13,525	13,014	12,923	13,186	13,311
Group OSG	**0.4%**	**4.0%**	**-2.6%**	**0.0%**	**0.9%**
Group EBIT	1,938	2,003	2,144	2,315	2,380
Group margin	**14.3%**	**15.4%**	**16.6%**	**17.6%**	**17.9%**

Source: SG Cross Asset Research/Equity, Company Data

P&L forecasts

Year to December, $m	2015	2016	2017	2018e	2019e
Net sales	**13,525**	**13,014**	**12,923**	**13,186**	**13,311**
Growth	-7.2%	-3.8%	-0.7%	2.0%	0.9%
COGS	(8,844)	(8,259)	(7,901)	(7,935)	(7,967)
Gross profit	4,681	4,755	5,022	5,252	5,345
Gross margin	34.6%	36.5%	38.9%	39.8%	40.2%
Operating profit, reported	1,091	1,394	2,094	1,815	1,880
Restructuring charge/exceptionals	847	609	50	500	500
Operating profit, bei	1,938	2,003	2,144	2,315	2,380
Growth	-8.5%	3.4%	7.0%	8.0%	2.8%
Operating margin, bei	**14.3%**	**15.4%**	**16.6%**	**17.6%**	**17.9%**
Net finance costs	(227)	(406)	(256)	(327)	(312)
Pre-tax profit, bei	1,620	1,535	1,872	1,929	1,988
Tax charge, bei	(365)	(354)	(485)	(424)	(437)
Tax rate	20.6%	25.2%	22.6%	22.6%	22.6%
Minority charge	-	-	-	-	-
Net attributable, reported	614	694	1,417	1,106	1,151
Net attributable, adjusted	1,256	1,325	1,416	1,504	1,551
Growth	-8.5%	5.6%	6.8%	6.3%	3.1%
WA shares, basic (m)	354	350	348	345	341
Basic EPS ($)	1.73	1.98	3.65	3.21	3.38
Average shares, diluted (m)	356	354	350	347	343
Adj. EPS, diluted ($)	**3.53**	**3.74**	**4.04**	**4.34**	**4.52**
Growth	-7.4%	6.2%	7.9%	7.4%	4.1%
DPS ($)	**2.00**	**2.05**	**2.12**	**2.27**	**2.36**
Growth	5.0%	2.5%	3.7%	7.0%	4.1%
Payout	57%	55%	52%	52%	52%

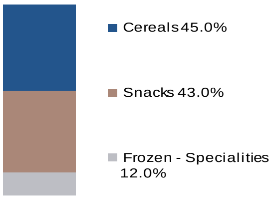
Source: SG Cross Asset Research/Equity, Company Data

Cash flow

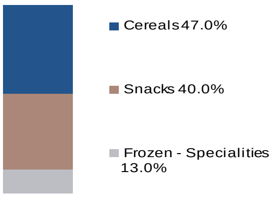
Year to December, $m	2015	2016	2017	2018e	2019e
EBIT	**1,091**	**1,394**	**2,094**	**1,815**	**1,880**
Depreciation and amortisation	530	509	502	522	518
Income tax paid	(159)	(233)	(412)	(323)	(336)
Other	116	131	(400)	-	-
Interest paid	(227)	(406)	(256)	(327)	(312)
Net change in working capital	340	232	118	38	37
Cash flow from operations	1,691	1,628	1,646	1,726	1,786
Capital expenditures	**(553)**	**(507)**	**(501)**	**(488)**	**(493)**
As % of sales	4.1%	3.9%	3.9%	3.7%	3.7%
Free cash flow	**1,138**	**1,121**	**1,145**	**1,239**	**1,294**
Acquisitions/disposals	-	(398)	(592)	-	-
Dividends paid	(700)	(716)	(736)	(788)	(820)
Net cash flow	438	7	(183)	451	474
Share buy backs/share issues	(731)	(426)	(516)	(200)	(200)
Forex	-	-	-	-	-
Other	102	(778)	(148)	-	-
Closing net financial debt	(6,290)	(7,487)	(8,334)	(8,083)	(7,809)

Source: SG Cross Asset Research/Equity, Company Data

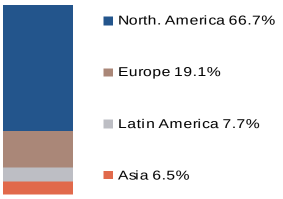
Sales/division 17



EBIT/division 17



Sales/region 17



Major shareholders (%)

Kellogg Foundation	20.5

Kellogg

Valuation ($m)	12/13	12/14	12/15	12/16	12/17	12/18e	12/19e	12/20e
No. of shares basic year end/outstanding	364	358	354	350	348	345	341	338
Share price: avg (hist. yrs) or current	62.2	63.9	66.2	76.4	69.1	66.0	66.0	66.0
Average market cap. (SG adjusted) (1)	22,642	22,862	23,441	26,738	24,049	22,731	22,504	22,279
Restated net debt (-)/cash (+) (2)	-7,085	-6,099	-6,290	-7,487	-8,334	-8,083	-7,809	-7,514
Value of minorities (3)	17	16	0	0	0	0	0	0
Value of financial investments (4)								
Other adjustment (5)								
EV = (1) - (2) + (3) - (4) + (5)	29,744	28,977	29,731	34,225	32,383	30,814	30,313	29,794
P/E (x)	16.5	16.8	18.8	20.4	17.1	15.2	14.6	13.6
Price/cash flow (x)	12.6	12.8	13.9	15.3	14.5	13.2	12.7	11.9
Price/free cash flow (x)	19.5	18.8	20.7	24.1	21.1	18.5	17.5	16.3
Price/book value (x)	6.42	8.24	11.1	14.2	10.9	9.81	9.19	8.52
EV/revenues (x)	2.01	1.99	2.20	2.63	2.51	2.34	2.28	2.19
EV/EBITDA (x)	11.0	10.9	12.0	13.6	12.3	10.9	10.5	9.9
Dividend yield (%)	2.9	3.0	3.0	2.7	3.1	3.4	3.6	3.8
Per share data ($)								
SG EPS (adj.)	3.77	3.81	3.53	3.74	4.04	4.34	4.52	4.85
Cash flow	4.94	4.98	4.75	5.00	4.77	4.98	5.21	5.52
Book value	9.70	7.75	5.98	5.40	6.32	6.72	7.18	7.74
Dividend	1.81	1.90	2.00	2.05	2.12	2.27	2.36	2.53
Income statement ($m)								
Revenues	14,792	14,580	13,525	13,014	12,923	13,186	13,311	13,574
Gross income	6,103	5,063	4,681	4,755	5,022	5,252	5,345	5,510
EBITDA	2,695	2,661	2,468	2,512	2,625	2,838	2,898	3,001
Depreciation and amortisation	-532	-542	-530	-509	-481	-522	-518	-514
EBIT	2,163	2,119	1,938	2,003	2,144	2,315	2,380	2,487
Impairment losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net interest income	-231	-199	-318	-468	-272	-387	-392	-377
Exceptional & non-operating items	674	-1,095	-848	-609	-50.0	-500	-500	-500
Taxation	-792	-186	-159	-233	-412	-323	-336	-364
Minority interests	-1.00	-0.99	0.00	0.00	0.00	0.00	0.00	0.00
Reported net income	1,807	632	613	694	1,417	1,106	1,151	1,246
SG adjusted net income	1,378	1,372	1,256	1,323	1,416	1,504	1,551	1,645
Cash flow statement ($m)								
EBITDA	2,695	2,661	2,468	2,512	2,625	2,838	2,898	3,001
Change in working capital	177	213	340	232	118	38	37	36
Other operating cash movements	-1,065	-1,081	-1,117	-1,116	-1,097	-1,150	-1,149	-1,161
Cash flow from operating activities	1,807	1,793	1,691	1,628	1,646	1,726	1,786	1,876
Net capital expenditure	-641	-573	-553	-507	-501	-488	-493	-502
Free cash flow	1,166	1,220	1,138	1,121	1,145	1,239	1,294	1,373
Cash flow from investing activities	0	0	0	-398	-592	0	0	0
Cash flow from financing activities	-615	-973	-1,329	-1,920	-1,400	-988	-1,020	-1,079
Net change in cash resulting from CF	551	247	-191	-1,197	-847	251	274	295
Balance sheet ($m)								
Total long-term assets	12,207	11,813	12,015	12,171	13,314	13,323	13,325	13,355
of which intangible	2,367	2,295	2,268	2,369	2,639	2,637	2,636	2,634
Working capital	926	796	920	-307	-575	-615	-659	-717
Employee benefit obligations	277	777	946	1,024	839	839	839	839
Shareholders' equity	3,545	2,789	2,128	1,910	2,212	2,330	2,462	2,629
Minority interests	62	62	10	16	16	16	16	16
Provisions								
Net debt (-)/cash (+)	-7,085	-6,927	-7,494	-7,487	-8,334	-8,083	-7,809	-7,514
Accounting ratios								
ROIC (%)	12.5	12.7	12.7	13.7	14.4	16.1	16.6	17.5
ROE (%)	60.8	20.0	24.9	34.4	68.8	48.7	48.1	48.9
Gross income/revenues (%)	41.3	34.7	34.6	36.5	38.9	39.8	40.2	40.6
EBITDA margin (%)	18.2	18.3	18.2	19.3	20.3	21.5	21.8	22.1
EBIT margin (%)	14.6	14.5	14.3	15.4	16.6	17.6	17.9	18.3
Revenue yoy growth (%)	4.2	-1.4	-7.2	-3.8	-0.7	2.0	0.9	2.0
Rev. organic growth (%)	0.3	-2.0	0.4	4.0	-2.6	0.0	0.9	2.0
EBITDA yoy growth (%)	7.1	-1.3	-7.3	1.8	4.5	8.1	2.1	3.6
EBIT yoy growth (%)	4.5	-2.0	-8.5	3.4	7.0	8.0	2.8	4.5
EPS (adj.) yoy growth (%)	5.8	1.0	-7.4	6.0	8.2	7.4	4.1	7.2
Dividend growth (%)	4.0	5.0	5.0	2.5	3.7	7.0	4.1	7.2
Cash conversion (%)	101.4	75.7	78.6	87.9	84.6	81.5	81.6	81.8
Net debt/equity (%)	196	243	351	389	374	345	315	284
FFO/net debt (%)	23.6	37.3	31.7	24.2	23.3	26.3	27.8	30.1
Dividend paid/FCF (%)	56.0	55.7	61.5	63.9	64.3	63.6	63.4	64.0

Source: SG Cross Asset Research/Equity

Report completed on 9 Feb. 2018 7:57 CET

APPENDIX

COMPANIES MENTIONED
Aryzta (ARYN VX, Sell)
Chr Hansen (CHR DC, Buy)
Danone (BN FP, Buy)
Kellogg (K US, Hold)
Premier Foods plc (PFD LN, Sell)
Unilever NV (UNA NA, Buy)

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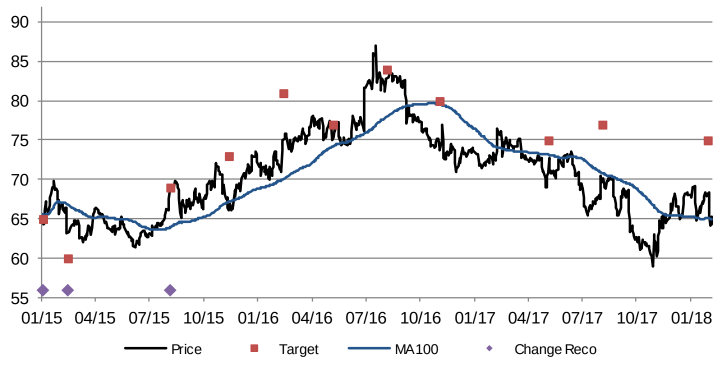
Historical Price: Kellogg (K.N)



2015/2016	Change	2017/2018	Change (Paris time)
02/01/15	New Rating: Hold	05/05/17 07:50	New Target: 75.0
02/01/15	New Target: 65.0	04/08/17 13:19	New Target: 77.0
13/02/15	New Rating: Sell	29/01/18 07:39	New Target: 75.0
13/02/15	New Target: 60.0		
05/08/15	New Rating: Hold		
05/08/15	New Target: 69.0		
12/11/15	New Target: 73.0		
12/02/16	New analyst : Warren Ackerman		
12/02/16	New Target: 81.0		
06/05/16	New Target: 77.0		
05/08/16 07:44	New Target: 84.0		
02/11/16 07:34	New Target: 80.0		

Source: SG Cross Asset Research/Equity

VALUATION METHODOLOGY AND RISKS TO RATING, RECOMMENDATION AND PRICE TARGET

Valuation Methodology **Kellogg**

We value Kellogg at a 10% discount to global staples on 2019e P/E as its North America business continues to struggle in a low-growth, highly competitive environment. We also see some downside risk to margins as Kellogg might need to invest more to hold market share given the lack of direct reach to retailers and increasing competitive trade spend. This implies a 2019e P/E multiple of 16.2x, which yields our TP.

Risks

Downside risks: further changes in US consumer trends which cause switching away from breakfast cereals and cause the category to remain in a sustained decline; higher raw materials prices which cannot be passed on because of stiff competition in US breakfast cereals; Pringles has been a very strong performer since its acquisition and if growth were to slow to flat low single-digit growth it would impact group organic growth.
Upside risks: savings targets increased after international ZBB rollout, pick-up in top-line growth (assuming flat growth currently).

SG EQUITY RESEARCH RATINGS on a 12 month period

BUY: absolute total shareholder return forecast of 15% or more over a 12 month period.

HOLD: absolute total shareholder return forecast between 0% and +15% over a 12 month period.

SELL: absolute total shareholder return forecast below 0% over a 12 month period.

Total shareholder return means forecast share price appreciation plus all forecast cash dividend income, including income from special dividends, paid during the 12 month period. Ratings are determined by the ranges described above at the time of the initiation of coverage or a change in rating (subject to limited management discretion). At other times, ratings may fall outside of these ranges because of market price movements and/or other short term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by research management.

Sector Weighting Definition on a 12 month period:

The sector weightings are assigned by the SG Equity Research Strategist and are distinct and separate from SG equity research analyst ratings. They are based on the relevant MSCI.

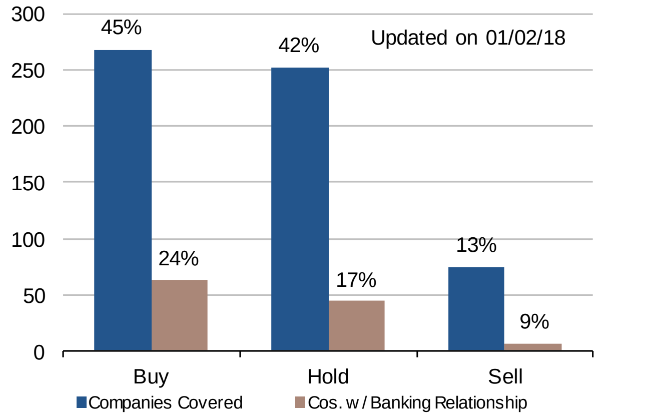
OVERWEIGHT: sector expected to outperform the relevant broad market benchmark over the next 12 months.

NEUTRAL: sector expected to perform in-line with the relevant broad market benchmark over the next 12 months.

UNDERWEIGHT: sector expected to underperform the relevant broad market benchmark over the next 12 months.

The Preferred and Least preferred stocks are selected by the covering analyst based on the individual analyst's coverage universe and not by the SG Equity Research Strategist.

Equity rating and dispersion relationship



Source: SG Cross Asset Research/Equity

All pricing information included in this report is as of market close, unless otherwise stated.

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SG or its affiliates had an investment banking client relationship during the past 12 months with Danone.
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Kellogg Company

New CEO sets tone for reasonable expectations

Stock overhang lifted as new CEO affirms targets and addresses US cereal

Shares rallied 3% on Thurs. as new CEO Steve Cahillane delivered a candid state of Kellogg address, projected confidence across the business, held FY18 margin targets steady at 18% (ex acct. adjustments) and emphasized emerging markets/snacking over US cereal growth. Based on our background diligence (see report), Cahillane is a leader with realistic growth expectations for Kellogg's center-of-store oriented product mix. Further, we find Cahillane's commitment to a balanced profit growth algorithm more credible than Kellogg's cost centric 2014-2016 playbook. At Feb's CAGNY conference, we expect Cahillane to outline a more detailed snacking & international growth plan.

International growth accelerates as US segments require added attention

Kellogg 4Q results exhibited encouraging sequential revenue trends (vs most US peers) as most emerging market regions delivered growth (APAC +4.3%, Europe +3%, LatAm -0.5%), led by snacking demand. We forecast accelerating international trends in FY18, but model weaker US trends as Kellogg's DSD transition persists through 1H18 (-1pp FY18 sales drag) and US cereal category remains negative & highly promotional. On Thursday's call, Cahillane communicated a more reasonable US growth plan and outlook—calling for stabilization in Special K and Kashi brands (current portfolio drags), and accelerated investments to support global snacking and US frozen.

Updating numbers for DSD guidance and pension accounting changes

New accounting standards led Kellogg to restate FY17 financials, thus providing a new baseline for FY18 guidance. Specifically, FY17 net sales move $60m lower to $12.61bn (revenue recognition adj.) and EBIT moves slightly lower to $1.865bn (14.8% op margin from 16.9% prev). Key EBIT changes reflect pension costs that are now recognized in COGS and SG&A versus Other Expense previously. Given Kellogg maintained its original FY18 margin targets, investors should now expect guidance to assume ~15.4% op margins in FY18. Our FY18 EPS moves to $4.45 (from $4.23 prev) as a result of tax reform benefits based on -1% organic sales (+0.6% net sales), 37.3% gross margins (-49bp YOY), 15.4% op margins (+57bp YOY) and a 20.5% tax rate.

Valuation: Raising price target to $70 on higher EPS; Maintain Neutral

Our new $70 target is based on a DCF, P/E and EV/EBITDA blend.

Equities

Americas
Food Products

12-month rating	Neutral
12m price target	US$70.00
	Prior: US$67.00
Price	US$65.98

RIC: K.N **BBG:** K US

Trading data and key metrics

52-wk range	US$76.44-58.87
Market cap.	US$23.3bn
Shares o/s	353m (COM)
Free float	100%
Avg. daily volume ('000)	786
Avg. daily value (m)	US$52.0
Common s/h equity (12/18E)	US$2.30bn
P/BV (12/18E)	9.9x
Net debt / EBITDA (12/18E)	3.3x

EPS (UBS, diluted) (US$)

	12/18E			
	From	To	% ch	Cons.
Q1E	1.03	1.08	5	1.08
Q2E	1.03	1.10	6	1.08
Q3E	1.18	1.22	3	1.11
Q4E	0.99	1.05	6	1.05
12/18E	4.23	4.45	5	4.32
12/19E	4.40	4.62	5	4.61
12/20E	4.56	4.78	5	4.77

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Highlights (US$m)	12/15	12/16	12/17	12/18E	12/19E	12/20E	12/21E	12/22E
Revenues	13,530	12,983	12,607	12,681	12,859	13,051	13,247	13,447
EBIT (UBS)	1,938	1,995	1,865	1,948	2,006	2,063	2,122	2,182
Net earnings (UBS)	1,256	1,316	1,405	1,543	1,596	1,646	1,697	1,749
EPS (UBS, diluted) (US$)	3.53	3.72	4.01	4.45	4.62	4.78	4.95	5.13
DPS (US$)	1.98	2.04	2.12	2.23	2.34	2.46	2.58	2.71
Net (debt) / cash	(7,508)	(7,487)	(8,334)	(8,121)	(7,688)	(7,304)	(6,968)	(6,678)
Profitability/valuation	**12/15**	**12/16**	**12/17**	**12/18E**	**12/19E**	**12/20E**	**12/21E**	**12/22E**
EBIT margin %	14.3	15.4	14.8	15.4	15.6	15.8	16.0	16.2
ROIC (EBIT) %	20.2	21.2	19.3	19.7	20.5	21.1	21.8	22.4
EV/EBITDA (core) x	12.5	13.9	13.5	12.6	12.2	11.8	11.4	11.2
P/E (UBS, diluted) x	18.8	20.5	17.2	14.8	14.3	13.8	13.3	12.9
Equity FCF (UBS) yield %	7.5	6.4	5.3	5.9	7.0	7.2	7.4	7.5
Net dividend yield %	3.0	2.7	3.1	3.4	3.5	3.7	3.9	4.1

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$65.98 on 08 Feb 2018 18:40 EST

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Kellogg Income Statement

Figure 1: Kellogg income statement (UBSe)

Kellogg Co.	Full Year	2017				Full Year	2018E				Full Year	Full Year	Full Year
Income Statement	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18E	2Q18E	3Q18E	4Q18E	2018E	2019E	2020E
	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Dec-19	Dec-20
Income Statement.													
Net Sales (reported)	$12,983	$3,188	$3,122	$3,205	$3,092	$12,607	$3,214	$3,121	$3,216	$3,129	$12,681	$12,859	$13,051
YOY%	(4.0%)	(5.8%)	(4.3%)	(1.3%)	0.1%	(2.9%)	0.8%	(0.0%)	0.3%	1.2%	0.6%	1.4%	1.5%
YOY% (ex-FX)	4.1%	(4.8%)	(3.6%)	(1.9%)	(1.9%)	(3.1%)	(0.5%)	(0.7%)	0.7%	1.5%	0.3%	1.4%	1.5%
adj. COGS	7,893	2,009	1,913	1,982	1,942	7,845	2,065	1,950	1,982	1,957	7,953	8,046	8,153
adj. Gross Profit	$5,090	$1,180	$1,210	$1,223	$1,149	$4,762	$1,149	$1,172	$1,234	$1,173	$4,727	$4,813	$4,898
Gross Margin	39.2%	37.0%	38.7%	38.2%	37.2%	37.8%	35.7%	37.5%	38.4%	37.5%	37.3%	37.4%	37.5%
YOY Chg.	12 bps	(110) bps	(97) bps	(114) bps	(261) bps	(144) bps	(125) bps	(120) bps	20 bps	30 bps	(49) bps	15 bps	10 bps
Operating Expenses	$3,095	$732	$742	$725	$700	$2,897	$680	$690	$703	$706	$2,779	$2,807	$2,835
YOY$	($255)	($43)	($46)	($72)	($39)	($198)	($51)	($52)	($22)	$7	($118)	$28	$28
YOY%	(7.6%)	(5.5%)	(5.8%)	(9.0%)	(5.2%)	(6.4%)	(7.0%)	(7.0%)	(3.0%)	1.0%	(4.1%)	1.0%	1.0%
Operating expense ratio	23.8%	22.9%	23.8%	22.6%	22.6%	23.0%	21.2%	22.1%	21.9%	22.6%	21.9%	21.8%	21.7%
YOY bp change	(92) bps	9 bps	(38) bps	(191) bps	(126) bps	(86) bps	(178) bps	(166) bps	(75) bps	(5) bps	(106) bps	(9) bps	(11) bps
Adj. Operating Profit	$1,995	$448	$468	$499	$450	$1,865	$469	$482	$531	$466	$1,948	$2,006	$2,063
YOY $	$57	($68)	($40)	$19	($41)	($131)	$21	$14	$32	$16	$83	$58	$57
YOY %	2.9%	(13.2%)	(7.9%)	3.9%	(8.4%)	(6.5%)	4.6%	3.0%	6.4%	3.6%	4.5%	3.0%	2.8%
Operating Margin	15.4%	14.1%	15.0%	15.6%	14.5%	14.8%	14.6%	15.4%	16.5%	14.9%	15.4%	15.6%	15.8%
YOY Chg.	104 bps	(119) bps	(59) bps	78 bps	(135) bps	(58) bps	53 bps	46 bps	95 bps	35 bps	57 bps	24 bps	21 bps
Interest Expense	258	61	63	64	68	256	67	67	67	66	266	263	263
% of Total Debt	3.3%	3.1%	3.1%	3.1%	3.2%	3.0%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Other Income (expense)	14	70	61	65	56	252	71	62	66	57	257	262	267
Pretax Income	1,751	457	466	500	438	1,861	473	478	531	458	1,939	2,005	2,068
Adj. Income Taxes	432	86	128	139	109	462	97	98	109	94	397	411	424
Adj. Tax Rate	24.7%	18.8%	28%	27.8%	25.0%	24.9%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%
Earnings (loss) from JV's	0	2	0	3	2	7	1	1	1	1	4	4	4
Adj. Net Income	1,319	373	338	364	330	1,405	377	381	423	365	1,545	1,598	1,648
Noncontrolling Interest	2	0	0	0	0	0	1	1	1	1	2	2	2
Adjustments to Net Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Adj. Net Income Attrib. to Kellogg Co.	1,316	373	338	364	330	1,405	376	380	422	364	1,543	1,596	1,646
YOY %	4.8%	10.3%	5.4%	7.6%	3.6%	6.8%	0.8%	12.6%	16.1%	10.3%	9.8%	3.4%	3.1%
Adj. EPS (incl. FX and VZ)	$3.72	$1.06	$0.96	$1.05	$0.95	$4.01	$1.08	$1.10	$1.22	$1.05	$4.45	$4.62	$4.78
YOY %	5.5%	10.5%	6.0%	9.4%	4.8%	7.7%	2.6%	14.1%	16.5%	10.5%	10.8%	3.9%	3.5%
Common Shares Outstanding	351	351	349	345	346	348	346	345	345	344	345	343	342
YOY % change in shares	(0.9%)	0.0%	(0.3%)	(1.4%)	(1.4%)	(0.8%)	(1.6%)	(1.1%)	(0.1%)	(0.5%)	(0.8%)	(0.4%)	(0.4%)
Diluted Shares Outstanding	353	354	352	348	347	350	348	347	347	346	347	345	344
YOY % change in shares	(0.7%)	(0.1%)	(0.6%)	(1.7%)	(1.1%)	(0.9%)	(1.8%)	(1.3%)	(0.3%)	(0.2%)	(0.9%)	(0.5%)	(0.4%)
Dividend Declared (Per Sh.)	$2.04	$0.52	$0.52	$0.54	$0.54	$2.12	$0.55	$0.55	$0.57	$0.57	$2.23	$2.34	$2.46
YOY %	3.0%	4.0%	4.0%	4.2%	3.8%	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Payout ratio	55%	49%	54%	52%	57%	53%	50%	50%	47%	54%	50%	51%	51%
Revenue algorithm													
YOY% growth components													
Volume	(0.8%)	(5.6%)	(4.9%)	(1.6%)	0.0%	(3.2%)	(0.8%)	(1.0%)	(0.2%)	0.9%	(0.3%)	0.7%	0.8%
Pricing/Mix	(0.3%)	1.1%	1.8%	0.2%	(1.5%)	0.4%	(1.1%)	(1.1%)	(0.5%)	(0.1%)	(0.7%)	0.7%	0.7%
Organic growth % (incl. VZ)	(1.1%)	(4.5%)	(3.1%)	(1.4%)	(1.5%)	(2.9%)	(1.9%)	(2.1%)	(0.7%)	0.7%	(1.0%)	1.4%	1.5%
+ Acquisitions %	0.2%	1.5%	1.5%	1.6%	2.9%	1.8%	0.9%	0.9%	0.9%	0.3%	0.8%	0.0%	0.0%
+ Currency	(8.1%)	(1.0%)	(0.7%)	0.6%	2.0%	0.2%	1.3%	0.7%	(0.4%)	(0.3%)	0.3%	0.0%	0.0%
+ Calendar/other	0.0%	(0.3%)	0.0%	(0.2%)	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
= YOY% reported sales growth	(4.0%)	(5.8%)	(4.3%)	(1.3%)	0.1%	(2.9%)	0.8%	(0.0%)	0.3%	1.2%	0.6%	1.4%	1.5%
EBITDA build:													
Depreciation expense	$517	$121	$119	$126	$115	$481	$124	$124	$124	$124	$495	$493	$488
YOY$	$12	$6	($17)	$20	($45)	($36)	$3	$5	($2)	$9	$14	($2)	($5)
as a % of revenue	2.4%	5.2%	(12.5%)	18.9%	(28.1%)	(7.0%)	2.4%	4.2%	(2.0%)	7.6%	2.9%	(0.5%)	(1.0%)
Depreciation (TTM)	$517	$523	$506	$526	$481	$481	$484	$489	$486	$495	$495	$493	$488
net PP&E	3,569	3,576	3,613	3,629	3,716	3,716	3,721	3,706	3,711	3,712	3,712	3,670	3,639
average depreciable life (years)	7.0	6.8	7.1	6.9	7.7	7.6	7.5	7.5	7.5	7.5	7.5	7.5	7.5
EBITDA	$2,512	$569	$587	$625	$565	$2,346	$593	$606	$654	$590	$2,443	$2,499	$2,551
margin rate %	19.3%	17.8%	18.8%	19.5%	18.3%	18.6%	18.4%	19.4%	20.3%	18.8%	19.3%	19.4%	19.5%
EBITDA (ttm)	$2,512	$2,450	$2,393	$2,432	$2,346	$2,346	$2,369	$2,388	$2,418	$2,443	$2,443	$2,499	$2,551
net debt/EBITDA (ttm)	3.0x	3.1x	3.3x	3.3x	3.6x	3.6x	3.5x	3.5x	3.4x	3.3x	3.3x	3.1x	2.9x

Source: Company financials, UBS estimates

Kellogg Company (K.N)

Income statement (US$m)	12/15	12/16	12/17	12/18E	% ch	12/19E	% ch	12/20E	12/21E	12/22E
Revenues	**13,530**	**12,983**	**12,607**	**12,681**	0.6	**12,859**	1.4	**13,051**	**13,247**	**13,447**
Gross profit	5,288	5,090	4,762	4,727	-0.7	4,813	1.8	4,898	4,985	5,074
EBITDA (UBS)	**2,443**	**2,512**	**2,346**	**2,443**	4.2	**2,499**	2.3	**2,551**	**2,606**	**2,664**
Depreciation & amortisation	(505)	(517)	(481)	(495)	2.9	(493)	-0.5	(488)	(484)	(482)
EBIT (UBS)	**1,938**	**1,995**	**1,865**	**1,948**	4.5	**2,006**	3.0	**2,063**	**2,122**	**2,182**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	(21)	14	259	261	0.6	266	2.0	271	277	282
Net interest	(227)	(258)	(256)	(266)	-3.9	(263)	1.2	(263)	(263)	(263)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Profit before tax	**1,690**	**1,751**	**1,868**	**1,943**	4.0	**2,009**	3.4	**2,072**	**2,135**	**2,201**
Tax	(433)	(432)	(462)	(397)	14.0	(411)	-3.4	(424)	(437)	(450)
Profit after tax	**1,257**	**1,319**	**1,405**	**1,545**	10.0	**1,598**	3.4	**1,648**	**1,699**	**1,751**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(1)	(2)	0	(2)	-	(2)	0.0	(2)	(2)	(2)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**1,256**	**1,316**	**1,405**	**1,543**	9.8	**1,596**	3.4	**1,646**	**1,697**	**1,749**
Net earnings (UBS)	**1,256**	**1,316**	**1,405**	**1,543**	9.8	**1,596**	3.4	**1,646**	**1,697**	**1,749**
Tax rate (%)	25.6	24.7	24.8	20.5	-17.4	20.5	0.0	20.5	20.5	20.5

Per share (US$)	12/15	12/16	12/17	12/18E	% ch	12/19E	% ch	12/20E	12/21E	12/22E
EPS (UBS, diluted)	3.53	3.72	4.01	4.45	10.8	4.62	3.9	4.78	4.95	5.13
EPS (local GAAP, diluted)	3.53	3.72	4.01	4.45	10.8	4.62	3.9	4.78	4.95	5.13
EPS (UBS, basic)	3.55	3.76	4.04	4.48	10.7	4.65	3.9	4.81	4.99	5.17
Net DPS (US$)	1.98	2.04	2.12	2.23	5.0	2.34	5.0	2.46	2.58	2.71
Cash EPS (UBS, diluted)[1]	4.95	5.19	5.39	5.87	9.1	6.05	2.9	6.20	6.37	6.55
Book value per share	6.04	4.22	6.31	6.68	5.8	7.85	17.6	8.93	9.91	10.80
Average shares (diluted)	355.93	353.38	350.25	347.07	-0.9	345.49	-0.5	344.03	342.39	340.63

Balance sheet (US$m)	12/15	12/16	12/17	12/18E	% ch	12/19E	% ch	12/20E	12/21E	12/22E
Cash and equivalents	251	280	281	94	-66.5	527	NM	911	1,247	1,537
Other current assets	2,985	2,660	2,755	2,689	-2.4	2,729	1.5	2,768	2,807	2,847
Total current assets	**3,236**	**2,940**	**3,036**	**2,783**	-8.3	**3,256**	17.0	**3,679**	**4,054**	**4,385**
Net tangible fixed assets	3,621	3,569	3,716	3,712	-0.1	3,670	-1.2	3,639	3,618	3,607
Net intangible fixed assets	7,236	7,535	8,143	8,143	0.0	8,143	0.0	8,143	8,143	8,143
Investments / other assets	1,172	629	1,455	1,455	0.0	1,455	0.0	1,455	1,455	1,455
Total assets	**15,265**	**14,673**	**16,350**	**16,094**	-1.6	**16,524**	2.7	**16,915**	**17,271**	**17,590**
Trade payables & other ST liabilities	3,269	3,405	3,700	3,768	1.8	3,805	1.0	3,841	3,877	3,914
Short term debt	2,470	1,069	779	779	0.00	779	0.00	779	779	779
Total current liabilities	**5,739**	**4,474**	**4,479**	**4,547**	1.5	**4,584**	0.8	**4,620**	**4,656**	**4,693**
Long term debt	5,289	6,698	7,836	7,436	-5.1	7,436	0.0	7,436	7,436	7,436
Other long term liabilities	2,099	2,013	1,807	1,807	0.0	1,807	0.0	1,807	1,807	1,807
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**13,127**	**13,185**	**14,122**	**13,790**	-2.4	**13,827**	0.3	**13,863**	**13,899**	**13,936**
Common s/h equity	2,138	1,488	2,228	2,304	3.4	2,697	17.1	3,053	3,372	3,654
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**15,265**	**14,673**	**16,350**	**16,094**	-1.6	**16,524**	2.7	**16,915**	**17,271**	**17,590**

Cash flow (US$m)	12/15	12/16	12/17	12/18E	% ch	12/19E	% ch	12/20E	12/21E	12/22E
Net income (before pref divs)	1,256	1,316	1,405	1,543	9.8	1,596	3.4	1,646	1,697	1,749
Depreciation & amortisation	505	517	481	495	2.9	493	-0.5	488	484	482
Net change in working capital	267	223	186	134	-27.9	(3)	-	(3)	(3)	(3)
Other operating	276	194	(290)	(300)	-3.4	0	-	0	0	0
Operating cash flow	**2,304**	**2,250**	**1,782**	**1,873**	5.1	**2,086**	11.4	**2,131**	**2,178**	**2,227**
Tangible capital expenditure	(553)	(507)	(501)	(492)	1.9	(450)	8.5	(457)	(464)	(471)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) / disposals	(161)	(398)	(592)	0	-	0	-	0	0	0
Other investing	(413)	12	(1)	0	-	0	-	0	0	0
Investing cash flow	**(1,127)**	**(893)**	**(1,094)**	**(492)**	55.1	**(450)**	8.5	**(457)**	**(464)**	**(471)**
Equity dividends paid	(700)	(716)	(736)	(768)	-4.4	(803)	-4.5	(840)	(877)	(916)
Share issues / (buybacks)	(470)	(58)	(419)	(400)	4.5	(400)	0.0	(450)	(500)	(550)
Other financing	0	0	0	0	-	0	-	0	0	0
Change in debt & pref shares	464	132	551	(400)	-	0	-	0	0	0
Financing cash flow	**(706)**	**(642)**	**(604)**	**(1,568)**	-159.7	**(1,203)**	23.3	**(1,290)**	**(1,377)**	**(1,466)**
Cash flow inc/(dec) in cash	**471**	**715**	**84**	**(187)**	-	**433**	-	**384**	**336**	**290**
FX / non cash items	(663)	(686)	(83)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**(192)**	**29**	**1**	**(187)**	-	**433**	-	**384**	**336**	**290**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1]Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Kellogg Company (K.N)

Valuation (x)	12/15	12/16	12/17	12/18E	12/19E	12/20E	12/21E	12/22E
P/E (local GAAP, diluted)	18.8	20.5	17.2	14.8	14.3	13.8	13.3	12.9
P/E (UBS, diluted)	18.8	20.5	17.2	14.8	14.3	13.8	13.3	12.9
P/CEPS	13.3	14.6	12.7	11.2	10.8	10.6	10.3	10.0
Equity FCF (UBS) yield %	7.5	6.4	5.3	5.9	7.0	7.2	7.4	7.5
Net dividend yield (%)	3.0	2.7	3.1	3.4	3.5	3.7	3.9	4.1
P/BV x	11.0	18.1	10.9	9.9	8.4	7.4	6.7	6.1
EV/revenues (core)	2.3	2.7	2.5	2.4	2.4	2.3	2.3	2.2
EV/EBITDA (core)	12.5	13.9	13.5	12.6	12.2	11.8	11.4	11.2
EV/EBIT (core)	15.8	17.5	17.0	15.9	15.2	14.6	14.1	13.7
EV/OpFCF (core)	14.0	15.5	15.4	14.6	14.6	14.1	13.6	13.3
EV/op. invested capital	3.2	3.7	3.3	3.1	3.1	3.1	3.1	3.1

Enterprise value (US$m)	12/15	12/16	12/17	12/18E	12/19E	12/20E	12/21E	12/22E
Market cap.	23,433	27,052	24,394	23,291	23,291	23,291	23,291	23,291
Net debt (cash)	7,218	7,498	7,911	8,227	7,905	7,496	7,136	7,136
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	946	1,024	839	839	839	839	839	839
Total enterprise value	**31,597**	**35,573**	**33,144**	**32,357**	**32,035**	**31,626**	**31,266**	**31,266**
Non core assets	(941)	(563)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)
Core enterprise value	**30,656**	**35,010**	**31,689**	**30,902**	**30,580**	**30,171**	**29,811**	**29,811**

Growth (%)	12/15	12/16	12/17	12/18E	12/19E	12/20E	12/21E	12/22E
Revenue	-6.0	-4.0	-2.9	0.6	1.4	1.5	1.5	1.5
EBITDA (UBS)	-6.8	2.8	-6.6	4.2	2.3	2.1	2.1	2.2
EBIT (UBS)	-8.5	2.9	-6.5	4.5	3.0	2.8	2.8	2.8
EPS (UBS, diluted)	-7.5	5.6	7.7	10.8	3.9	3.5	3.6	3.6
Net DPS	4.2	3.0	4.0	5.0	5.0	5.0	5.0	5.0

Margins & Profitability (%)	12/15	12/16	12/17	12/18E	12/19E	12/20E	12/21E	12/22E
Gross profit margin	39.1	39.2	37.8	37.3	37.4	37.5	37.6	37.7
EBITDA margin	18.1	19.3	18.6	19.3	19.4	19.5	19.7	19.8
EBIT margin	14.3	15.4	14.8	15.4	15.6	15.8	16.0	16.2
Net earnings (UBS) margin	9.3	10.1	11.1	12.2	12.4	12.6	12.8	13.0
ROIC (EBIT)	20.2	21.2	19.3	19.7	20.5	21.1	21.8	22.4
ROIC post tax	15.0	16.0	14.5	15.7	16.3	16.8	17.3	17.9
ROE (UBS)	50.4	72.6	75.6	68.1	63.8	57.3	52.8	49.8

Capital structure & Coverage (x)	12/15	12/16	12/17	12/18E	12/19E	12/20E	12/21E	12/22E
Net debt / EBITDA	3.1	3.0	3.6	3.3	3.1	2.9	2.7	2.5
Net debt / total equity %	NM	NM	NM	NM	285.1	239.3	206.6	182.8
Net debt / (net debt + total equity) %	77.8	83.4	78.9	77.9	74.0	70.5	67.4	64.6
Net debt/EV %	24.5	21.4	26.3	26.3	25.1	24.2	23.4	22.4
Capex / depreciation %	109.5	98.1	104.2	99.3	91.3	93.7	95.8	97.7
Capex / revenue %	4.1	3.9	4.0	3.9	3.5	3.5	3.5	3.5
EBIT / net interest	8.5	7.7	7.3	7.3	7.6	7.8	8.1	8.3
Dividend cover (UBS)	1.8	1.8	1.9	2.0	2.0	2.0	1.9	1.9
Div. payout ratio (UBS) %	55.8	54.3	52.5	49.8	50.3	51.0	51.7	52.4

Revenues by division (US$m)	12/15	12/16	12/17	12/18E	12/19E	12/20E	12/21E	12/22E
Others	13,530	12,983	12,607	12,681	12,859	13,051	13,247	13,447
Total	**13,530**	**12,983**	**12,607**	**12,681**	**12,859**	**13,051**	**13,247**	**13,447**

EBIT (UBS) by division (US$m)	12/15	12/16	12/17	12/18E	12/19E	12/20E	12/21E	12/22E
Others	1,938	1,995	1,865	1,948	2,006	2,063	2,122	2,182
Total	**1,938**	**1,995**	**1,865**	**1,948**	**2,006**	**2,063**	**2,122**	**2,182**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	+6.1%
Forecast dividend yield	3.4%
Forecast stock return	+9.5%
Market return assumption	7.1%
Forecast excess return	+2.4%

Valuation Method and Risk Statement

Our price target is based on a balanced P/E, EV/EBITDA, DCF methodology.

Key investment risk for Kellogg include, the following: exposure to slowing category trends, FX translational exposure, input cost inflation, market share losses, integration risks related to acquisition, and changing consumer consumption behavior.

Required Disclosures

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12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	46%	27%
Neutral	FSR is between -6% and 6% of the MRA.	39%	24%
Sell	FSR is > 6% below the MRA.	16%	13%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2017.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
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KEY DEFINITIONS:Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

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UBS Securities LLC: Steven Strycula; Zachary Ringer.

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Company Name	Reuters	12-month rating	Short-term rating	Price	Price date
Kellogg Company[16]	K.N	Neutral	N/A	US$65.98	08 Feb 2018

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date
16. UBS Securities LLC makes a market in the securities and/or ADRs of this company.

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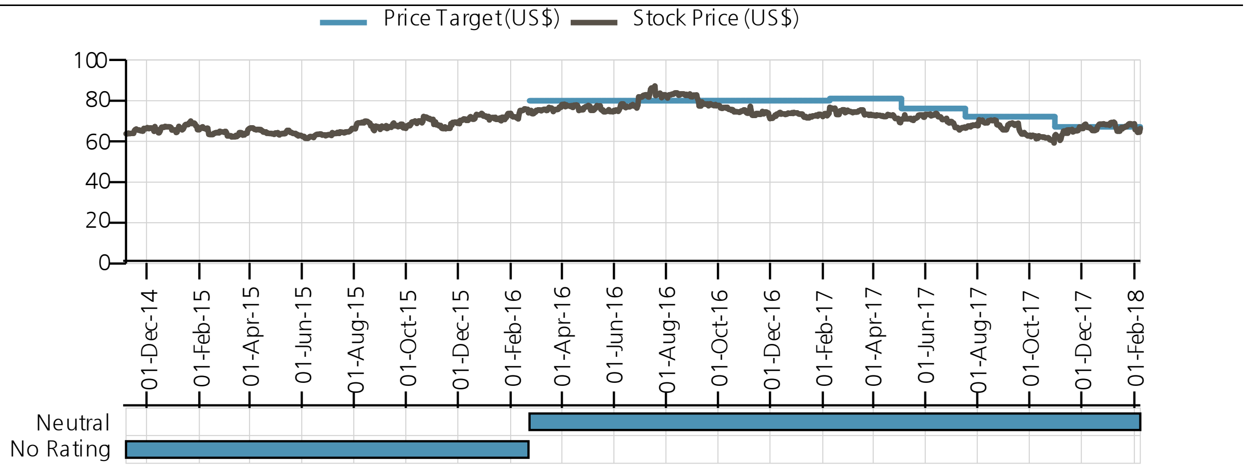
Kellogg Company (US$)



Date	Stock Price (US$)	Price Target (US$)	Rating
2014-11-07	63.66	-	No Rating
2016-02-23	74.12	80.0	Neutral
2017-02-09	76.44	81.0	Neutral
2017-05-04	70.4	76.0	Neutral
2017-07-18	66.26	72.0	Neutral
2017-10-31	62.53	67.0	Neutral

Source: UBS; as of 08 Feb 2018

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Rating
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North America
United States

Consumer
Food

Company
Kellogg

Reuters	Bloomberg	Exchange	Ticker
K.N	K UN	NYS	K

Date
6 February 2018

Results

Price at 2 Feb 2018 (USD)	65.45
Price target	71.00
52-week range	76.44 - 58.87

Ahead, but Sidelined

Thoughts on the quarter – currency tailwind to help

Kellogg reports Q4'17 results this coming Thursday, before market-open. Although Q3 top line results were better-than-expected (net sales +0.6% vs. consensus down 1.2%), management has pointed to a sequentially more pressured Q4 y/y relative to Q3 on the top-line, driven mainly by a full vs. partial quarter pricing drag from the DSD exit effect and a ~100-bp Q3 hurricane-related inventory build reversal. We're looking for organic sales to decline 2.1% y/y vs. consensus down ~3.3%, or a 140-bp sequential acceleration vs. Q3 on a two-year stacked basis, as higher promotional activity, accelerated brand support, and Pinnacle's Aunt Jemima frozen breakfast discontinuation all help support improving base business volume trends. For North America, we estimate organic revenues to decline 3.5%, driven by lower DSD-related pricing and base business volume declines. Although U.S. tracked-channel retail data is showing the best y/y quarterly sales decline since Q4'15, seven of Kellogg's top ten categories still posted a y/y retail dollar sales decline in the latest 4 weeks ending December 30th, while eight posted share losses, including cereal, crackers, snack bars, and cookies. Core brands such as Keebler, Special K, and Kashi also remain under pressure with continued deceleration in y/y sales trends. In Europe, we forecast organic sales to increase 1% y/y. Based on our Europe dataset, which we believe represents approximately 65% of Kellogg's Europe segment sales, cereal turned positive in Q4 driven by improved volume performance, while savoury snacks returned to growth in 2H, in line with company expectations and following customer negotiations which had an adverse impact in the first half. For the Latin America and Asia Pacific segments, we forecast organic sales to decline 1% and increase 2%, respectively, in the quarter. Overall, we think the company can top top-line Q4 consensus expectations, driven by both by base business improvements and currency tailwinds.

Regarding profitability, we forecast gross profit to increase 2.7% y/y, with gross margin +30 bps to 40.2%, while operating profit could grow +6.5% to $526mm, with margin +70 bps to 16.7%, as the profitability step-up in U.S. Snacks from the DSD exit should be fully felt in Q4, despite higher rates of expected brand support. Our Q4 EPS estimate remains unchanged at $0.98 vs. consensus $0.96 and implied company guidance of $0.94-$1.00, inclusive of full-year currency headwind.

Valuation & Risks

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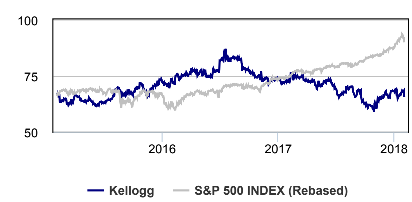
Price/price relative



Performance (%)	1m	3m	12m
Absolute	-3.7	4.9	-10.1
S&P 500 INDEX	2.5	7.1	21.1

Source: Deutsche Bank

Key indicators (FY1)	
ROE (%)	57.3
ROA (%)	7.3
Net debt/equity (x)	346.0
Book value/share (USD)	5.56
Price/book (x)	11.8
Net interest cover (x)	8.5
EBIT margin (%)	16.7

Source: Deutsche Bank

Stock & option liquidity data	
Market Cap (USDm)	22,907.5
Shares outstanding (m)	350.0
Free float (%)	100
Volume (2 Feb 2018)	695,756
Option volume (und. shrs., 1M avg.)	99,658

Source: Deutsche Bank

Thoughts on the medium term – ahead of '18 consensus, but sidelined

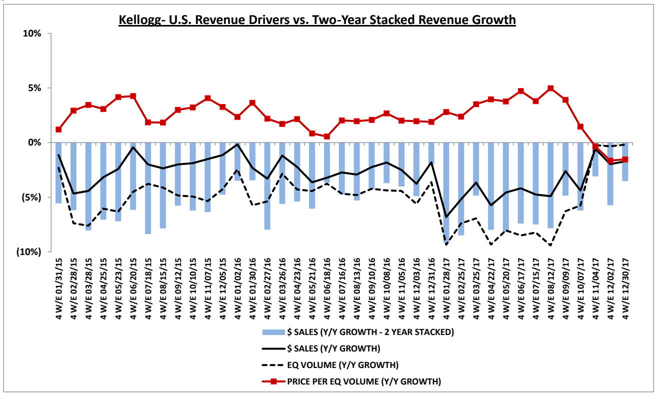
Although we're ~5% ahead of 2018 EPS consensus ($4.50 vs. $4.30 consensus), driven by higher sales and lower taxes relative to consensus, we remain sidelined on the name, driven by potentially higher brand investment needs in the near-term needed to return the company to sustained profitable organic sales growth. The company is facing easy organic sales compares in 1H'18; currency is likely a better tailwind in 2018 than consensus has modeled; FCF should start stepping-up in 2018 as incremental Project K costs roll off; valuation remains discounted relative to the sector; first take on the new CEO is positive. All that said, with Cahillane new to the CEO seat, there could be changes to the go-forward strategy, be they on trade promotional activity, brand building investment, or portfolio optimization, especially as the company moves away from the DSD-exit transition. We've found management commentary to be optimistic looking ahead into 2018 as the company pushes out 'transformational' innovation, but given the current challenging retail landscape and continued pressure on key categories (mainly cereal), we're looking for a better entry point.

Forecasts and ratios

Year End Dec 31	2016A	2017E	2018E
1Q EPS	0.96	1.05A	1.11
2Q EPS	0.91	0.97A	1.11
3Q EPS	0.95	1.05A	1.16
4Q EPS	0.92	0.98	1.12
FY EPS (USD)	3.74	4.04	4.50
P/E (x)	20.4	16.2	14.6
DPS (USD)	2.04	2.12	2.20
Dividend yield (%)	2.7	3.2	3.4
Revenue (USDm)	13,014.0	12,871.3	13,054.5

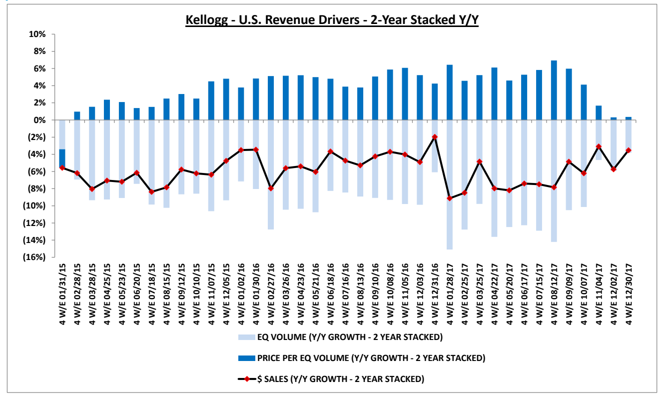
Source: Deutsche Bank estimates, company data

Figure 1: Given Kellogg's promotional activity and planned price adjustments in Q4, we've seen the best volume trends to-date over the last three years



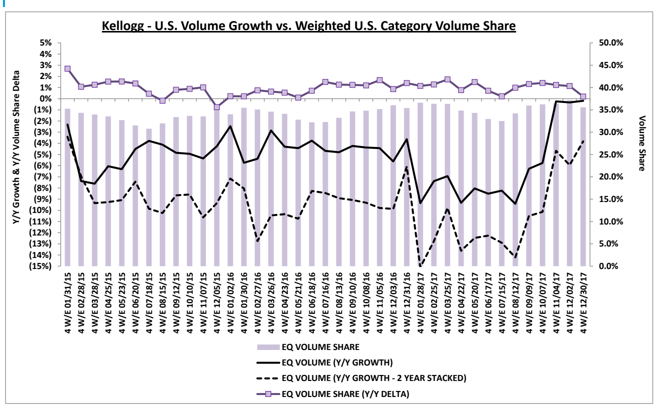
Source: Deutsche Bank, Nielsen

Figure 2: Two-year stacked volumes negative for the past three years



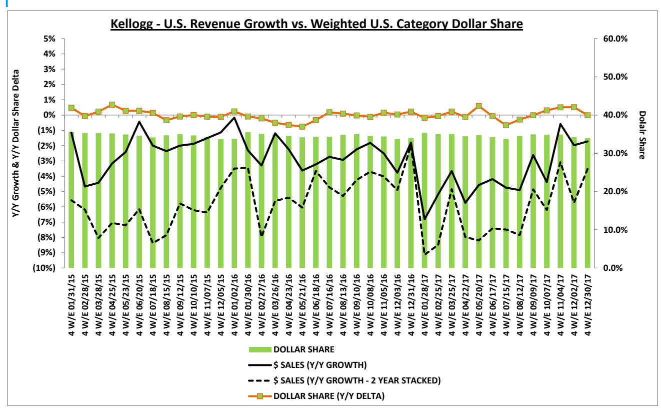
Source: Deutsche Bank, Nielsen

Figure 3: Though volumes still in decline, we've seen an improvement in volume trends in last 12 weeks



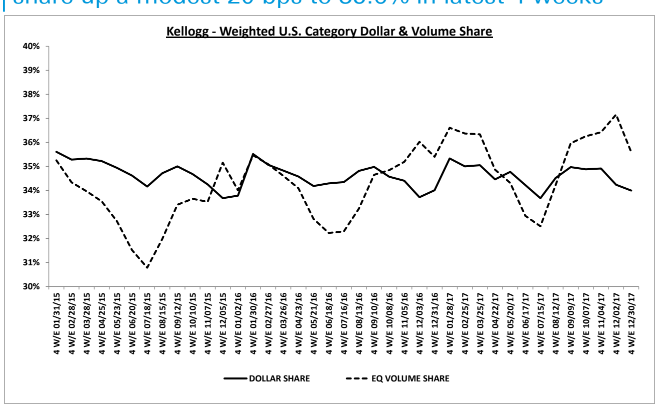
Source: Deutsche Bank, Nielsen

Figure 4: Dollar share trends driven by share declines in 8 out of top 10 categories including RTE cereal and crackers



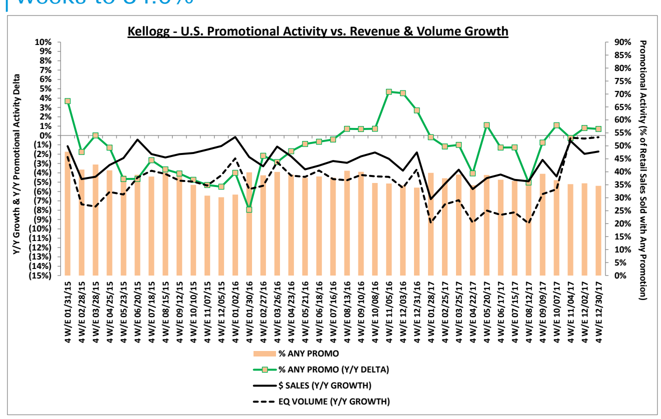
Source: Deutsche Bank, Nielsen

Figure 5: Dollar share of 34% is flattish y/y, while volume share up a modest 20 bps to 35.6% in latest 4 weeks



Source: Deutsche Bank, Nielsen

Figure 6: Promotional activity increased 0.7% in latest 4 weeks to 34.6%



Source: Deutsche Bank, Nielsen

Figure 7: Kellogg Company retail scanned data trends

	4 W/E 12/31/16	4 W/E 01/28/17	4 W/E 02/25/17	4 W/E 03/25/17	4 W/E 04/22/17	4 W/E 05/20/17	4 W/E 06/17/17	4 W/E 07/15/17	4 W/E 08/12/17	4 W/E 09/09/17	4 W/E 10/07/17	4 W/E 11/04/17	4 W/E 12/02/17	4 W/E 12/30/17
$ SALES (Y/Y GROWTH)	(1.8%)	(6.8%)	(5.2%)	(3.7%)	(5.7%)	(4.6%)	(4.2%)	(4.8%)	(4.9%)	(2.6%)	(4.4%)	(0.6%)	(2.0%)	(1.7%)
EQ VOLUME (Y/Y GROWTH)	(3.9%)	(9.7%)	(7.6%)	(7.2%)	(9.3%)	(8.2%)	(8.9%)	(8.7%)	(10.0%)	(7.0%)	(6.8%)	(1.4%)	(1.4%)	(1.2%)
PRICE PER EQ VOLUME (Y/Y GROWTH)	2.2%	3.2%	2.7%	3.8%	3.9%	4.0%	5.2%	4.3%	5.7%	4.7%	2.5%	0.8%	(0.6%)	(0.6%)
PRICE PER UNIT (Y/Y GROWTH)	0.9%	1.3%	1.5%	3.0%	2.8%	2.3%	3.1%	2.1%	2.1%	1.9%	0.7%	0.7%	(0.7%)	(1.4%)
$ SALES (Y/Y GROWTH - 2 YEAR STACKED)	(2.0%)	(9.1%)	(8.5%)	(4.8%)	(8.0%)	(8.2%)	(7.4%)	(7.5%)	(7.8%)	(4.9%)	(6.2%)	(3.1%)	(5.7%)	(3.5%)
EQ VOLUME (Y/Y GROWTH - 2 YEAR STACKED)	(6.7%)	(16.1%)	(13.8%)	(10.9%)	(14.5%)	(13.8%)	(13.6%)	(14.1%)	(15.5%)	(12.0%)	(12.1%)	(6.4%)	(7.5%)	(5.1%)
PRICE PER EQ VOLUME (Y/Y GROWTH - 2 YEAR STACKED)	4.9%	7.6%	5.7%	6.4%	7.1%	6.0%	6.8%	7.1%	8.4%	7.6%	6.3%	3.5%	1.8%	1.6%
DOLLAR SHARE	34.0%	35.4%	35.0%	35.1%	34.5%	34.9%	34.3%	33.8%	34.6%	35.0%	34.9%	34.9%	34.3%	34.0%
EQ VOLUME SHARE	43.7%	43.0%	48.5%	55.7%	71.3%	92.2%	153.4%	171.8%	100.4%	55.1%	49.6%	43.9%	43.8%	43.8%
DOLLAR SHARE (Y/Y DELTA)	0.2%	(0.1%)	(0.0%)	0.3%	(0.1%)	0.6%	(0.1%)	(0.7%)	(0.3%)	(0.0%)	0.3%	0.5%	0.5%	(0.0%)
EQ VOLUME SHARE (Y/Y DELTA)	(6.1%)	3.8%	3.1%	2.8%	4.3%	(11.5%)	(42.3%)	(18.5%)	(47.9%)	(25.6%)	(6.4%)	0.0%	(0.7%)	0.1%
% ANY PROMO	33.9%	39.6%	37.5%	38.9%	34.8%	38.8%	36.9%	36.5%	35.4%	39.2%	36.8%	35.2%	35.5%	34.6%
% ANY PROMO (Y/Y DELTA)	2.7%	(0.2%)	(1.2%)	(1.0%)	(4.1%)	1.1%	(1.3%)	(1.3%)	(5.0%)	(0.8%)	1.1%	(0.3%)	0.8%	0.7%
EQ VOLUME PER UNIT (Y/Y DELTA)	(1.3%)	(1.9%)	(1.1%)	(0.8%)	(1.1%)	(1.6%)	(2.0%)	(2.1%)	(3.4%)	(2.7%)	(1.8%)	(0.1%)	(0.1%)	(0.9%)

% L52W	$ SALES (Y/Y GROWTH)	4 W/E 12/31/16	4 W/E 01/28/17	4 W/E 02/25/17	4 W/E 03/25/17	4 W/E 04/22/17	4 W/E 05/20/17	4 W/E 06/17/17	4 W/E 07/15/17	4 W/E 08/12/17	4 W/E 09/09/17	4 W/E 10/07/17	4 W/E 11/04/17	4 W/E 12/02/17	4 W/E 12/30/17
100.0%	**KELLOGG COMPANY**	**(1.8%)**	**(6.8%)**	**(5.2%)**	**(3.7%)**	**(5.7%)**	**(4.6%)**	**(4.2%)**	**(4.8%)**	**(4.9%)**	**(2.6%)**	**(4.4%)**	**(0.6%)**	**(2.0%)**	**(1.7%)**
29.9%	RTE CEREAL	(2.3%)	(7.3%)	(4.3%)	(3.5%)	(5.0%)	(3.8%)	(3.4%)	(5.6%)	(4.4%)	(4.0%)	(7.9%)	(3.2%)	(4.5%)	(5.0%)
19.2%	CRACKERS	1.2%	(1.0%)	(3.2%)	0.5%	(3.0%)	(2.4%)	(4.4%)	(4.8%)	(7.8%)	(1.7%)	(3.4%)	(1.1%)	(2.6%)	(3.8%)
8.5%	POTATO CHIP	(0.6%)	(5.5%)	(4.7%)	(4.3%)	(9.9%)	(3.7%)	(7.8%)	(5.6%)	(4.7%)	(4.8%)	(3.6%)	(0.5%)	(6.1%)	(3.2%)
8.3%	POP UP PASTRIES	0.3%	(1.9%)	(3.9%)	(1.9%)	(8.4%)	(6.3%)	(5.2%)	(9.9%)	(4.9%)	(0.9%)	(2.7%)	1.2%	(0.8%)	(2.2%)
7.2%	WAFFLE	3.1%	(3.9%)	(1.2%)	1.7%	(2.5%)	3.5%	2.3%	5.3%	7.4%	7.8%	9.0%	9.0%	10.8%	9.3%
7.1%	COOKIES	(0.7%)	(5.2%)	(5.4%)	(3.4%)	(6.2%)	(13.8%)	(5.8%)	(9.4%)	(15.8%)	(10.8%)	(14.0%)	(6.2%)	(10.3%)	(4.3%)
3.9%	CEREAL AND GRANOLA BARS	(14.6%)	(25.5%)	(22.1%)	(24.9%)	(25.8%)	(20.5%)	(17.6%)	(15.1%)	(15.7%)	(12.5%)	(21.0%)	(18.7%)	(17.2%)	(13.4%)
3.3%	DESSERT BARS	6.8%	(2.3%)	0.9%	2.7%	6.8%	(0.6%)	0.7%	(0.7%)	(2.7%)	4.5%	4.0%	10.8%	11.4%	12.9%
1.9%	MEAT ALTERNATIVES	(20.2%)	(10.7%)	0.0%	8.6%	3.5%	7.0%	0.9%	7.1%	15.2%	17.0%	23.3%	21.7%	21.8%	19.3%
1.2%	MEAL REPLACEMENT BARS	(8.3%)	(17.5%)	(11.9%)	(13.1%)	(14.2%)	(15.8%)	(17.0%)	(18.9%)	(17.8%)	(13.7%)	(14.7%)	(10.6%)	(12.3%)	(11.1%)

% L52W	EQ VOLUME (Y/Y GROWTH)	4 W/E 12/31/16	4 W/E 01/28/17	4 W/E 02/25/17	4 W/E 03/25/17	4 W/E 04/22/17	4 W/E 05/20/17	4 W/E 06/17/17	4 W/E 07/15/17	4 W/E 08/12/17	4 W/E 09/09/17	4 W/E 10/07/17	4 W/E 11/04/17	4 W/E 12/02/17	4 W/E 12/30/17
100.0%	**KELLOGG COMPANY**	**(3.9%)**	**(9.7%)**	**(7.6%)**	**(7.2%)**	**(9.3%)**	**(8.2%)**	**(8.9%)**	**(8.7%)**	**(10.0%)**	**(7.0%)**	**(6.8%)**	**(1.4%)**	**(1.4%)**	**(1.2%)**
30.0%	RTE CEREAL	0.2%	(5.6%)	(2.1%)	(3.1%)	(5.9%)	(1.9%)	(3.7%)	(5.8%)	(4.9%)	(4.6%)	(7.9%)	(2.5%)	(3.3%)	(5.5%)
15.5%	CRACKERS	1.6%	(0.9%)	(4.4%)	0.2%	(2.7%)	(1.2%)	(4.3%)	(4.9%)	(7.9%)	1.6%	0.4%	3.1%	5.1%	3.8%
5.1%	POTATO CHIP	(1.5%)	(8.8%)	(9.2%)	(10.7%)	(20.3%)	(11.1%)	(15.2%)	(10.8%)	(9.1%)	(9.2%)	(4.9%)	(1.5%)	(9.7%)	(4.4%)
12.0%	POP UP PASTRIES	1.1%	(0.2%)	(3.0%)	(0.1%)	(9.3%)	(7.9%)	(7.3%)	(12.5%)	(6.8%)	(3.5%)	(4.2%)	1.0%	(0.4%)	(2.8%)
7.7%	WAFFLE	6.0%	(4.0%)	0.3%	1.9%	(0.6%)	4.1%	2.4%	6.1%	6.7%	6.9%	10.4%	7.2%	10.4%	8.2%
6.3%	COOKIES	(2.7%)	(3.1%)	(5.4%)	(4.3%)	(7.4%)	(18.8%)	(9.0%)	(12.9%)	(20.7%)	(9.6%)	(14.2%)	(1.7%)	(7.5%)	0.2%
2.8%	CEREAL AND GRANOLA BARS	(19.8%)	(28.7%)	(21.9%)	(26.3%)	(25.5%)	(15.4%)	(11.4%)	(9.4%)	(10.7%)	(4.8%)	(13.0%)	(7.5%)	(4.9%)	(0.6%)
2.7%	DESSERT BARS	18.1%	(1.8%)	6.3%	13.2%	14.8%	(3.7%)	(7.8%)	1.0%	(4.8%)	3.3%	6.6%	15.7%	7.3%	15.9%
1.0%	MEAT ALTERNATIVES	(18.1%)	(8.4%)	(0.5%)	10.4%	3.9%	4.7%	(2.5%)	4.2%	11.7%	14.5%	21.7%	20.5%	21.3%	18.3%
1.0%	MEAL REPLACEMENT BARS	(17.7%)	(19.9%)	(19.5%)	(19.3%)	(19.2%)	(21.9%)	(24.5%)	(24.1%)	(21.1%)	(18.6%)	(19.4%)	(13.7%)	(13.4%)	(10.2%)

PRICE PER EQ VOLUME (Y/Y GROWTH)	4 W/E 12/31/16	4 W/E 01/28/17	4 W/E 02/25/17	4 W/E 03/25/17	4 W/E 04/22/17	4 W/E 05/20/17	4 W/E 06/17/17	4 W/E 07/15/17	4 W/E 08/12/17	4 W/E 09/09/17	4 W/E 10/07/17	4 W/E 11/04/17	4 W/E 12/02/17	4 W/E 12/30/17
KELLOGG COMPANY	**2.2%**	**3.2%**	**2.7%**	**3.8%**	**3.9%**	**4.0%**	**5.2%**	**4.3%**	**5.7%**	**4.7%**	**2.5%**	**0.8%**	**(0.6%)**	**(0.6%)**
RTE CEREAL	(2.5%)	(1.8%)	(2.2%)	(0.5%)	0.9%	(2.0%)	0.3%	0.2%	0.5%	0.6%	(0.0%)	(0.7%)	(1.3%)	0.5%
CRACKERS	(0.4%)	(0.1%)	1.3%	0.3%	(0.4%)	(1.3%)	(0.2%)	0.0%	0.1%	(3.2%)	(3.8%)	(4.1%)	(7.3%)	(7.3%)
POTATO CHIP	0.8%	3.6%	5.0%	7.1%	13.0%	8.3%	8.7%	5.8%	4.9%	4.9%	1.4%	1.0%	4.0%	1.2%
POP UP PASTRIES	(0.8%)	(1.7%)	(1.0%)	(1.8%)	1.0%	1.7%	2.3%	2.9%	2.0%	2.7%	1.6%	0.3%	(0.4%)	0.6%
WAFFLE	(2.8%)	0.1%	(1.5%)	(0.3%)	(2.0%)	(0.5%)	(0.1%)	(0.8%)	0.7%	0.8%	(1.3%)	1.7%	0.4%	1.1%
COOKIES	2.0%	(2.1%)	0.1%	0.9%	1.3%	6.1%	3.4%	4.1%	6.2%	(1.3%)	0.3%	(4.7%)	(3.0%)	(4.5%)
CEREAL AND GRANOLA BARS	6.5%	4.5%	(0.2%)	1.8%	(0.4%)	(6.0%)	(7.0%)	(6.3%)	(5.6%)	(8.1%)	(9.2%)	(12.2%)	(12.9%)	(12.9%)
DESSERT BARS	(9.6%)	(0.5%)	(5.1%)	(9.2%)	(6.9%)	3.2%	9.2%	(1.7%)	2.2%	1.2%	(2.4%)	(4.2%)	3.8%	(2.6%)
MEAT ALTERNATIVES	(2.5%)	(2.5%)	0.5%	(1.5%)	(0.4%)	2.3%	3.5%	2.8%	3.1%	2.2%	1.3%	1.1%	0.4%	0.9%
MEAL REPLACEMENT BARS	11.3%	3.0%	9.4%	7.7%	6.2%	7.8%	10.0%	6.8%	4.2%	5.9%	5.8%	3.6%	1.2%	(0.9%)

PRICE PER UNIT (Y/Y GROWTH)	4 W/E 12/31/16	4 W/E 01/28/17	4 W/E 02/25/17	4 W/E 03/25/17	4 W/E 04/22/17	4 W/E 05/20/17	4 W/E 06/17/17	4 W/E 07/15/17	4 W/E 08/12/17	4 W/E 09/09/17	4 W/E 10/07/17	4 W/E 11/04/17	4 W/E 12/02/17	4 W/E 12/30/17
KELLOGG COMPANY	**0.9%**	**1.3%**	**1.5%**	**3.0%**	**2.8%**	**2.3%**	**3.1%**	**2.1%**	**2.1%**	**1.9%**	**0.7%**	**0.7%**	**(0.7%)**	**(1.4%)**
RTE CEREAL	0.3%	1.2%	(0.5%)	1.4%	1.6%	(1.6%)	1.1%	0.8%	(0.4%)	1.0%	0.7%	(0.8%)	(1.7%)	(2.0%)
CRACKERS	1.3%	1.7%	2.8%	2.4%	0.7%	1.8%	2.8%	2.9%	2.8%	1.5%	1.0%	1.0%	(3.2%)	(4.5%)
POTATO CHIP	1.1%	1.7%	2.3%	5.1%	7.7%	3.5%	3.5%	(0.2%)	(0.0%)	(0.3%)	(3.1%)	(1.0%)	(1.7%)	(3.7%)
POP UP PASTRIES	4.1%	5.9%	6.5%	7.1%	5.4%	6.7%	7.6%	7.3%	5.1%	6.0%	3.1%	2.6%	0.8%	2.2%
WAFFLE	(4.4%)	1.5%	(2.2%)	0.4%	0.4%	1.1%	1.6%	0.9%	2.2%	1.9%	0.0%	7.0%	3.8%	4.7%
COOKIES	4.5%	(0.3%)	1.1%	3.9%	2.6%	7.2%	3.8%	2.2%	5.9%	(0.8%)	1.4%	(3.1%)	(2.0%)	(2.5%)
CEREAL AND GRANOLA BARS	3.5%	3.0%	1.1%	1.7%	4.0%	3.2%	5.1%	4.7%	6.5%	4.9%	3.2%	2.9%	0.0%	(1.7%)
DESSERT BARS	1.9%	5.6%	3.5%	8.5%	0.9%	1.4%	(3.0%)	(5.5%)	(10.0%)	3.4%	1.4%	(1.1%)	(2.0%)	(1.7%)
MEAT ALTERNATIVES	0.8%	(3.6%)	4.7%	1.6%	0.6%	3.3%	2.0%	1.7%	1.5%	3.4%	1.6%	2.2%	0.2%	2.9%
MEAL REPLACEMENT BARS	11.3%	3.0%	9.4%	7.7%	6.2%	7.8%	10.0%	6.8%	4.2%	5.9%	5.8%	3.6%	1.2%	(0.9%)

Source: Deutsche Bank, Nielsen

Figure 8: Kellogg Company retail scanned category data trends

KELLOGG COMPANY – Dollar Growth

KELLOGG COMPANY	% of L52W	Latest 4 Wks - W/E 12/30/17 Y/Y	Previous 4 Wks - W/E 12/02/17 Y/Y	Latest 4 Wk 2Y Stacked	Prior 4 Wk 2Y Stacked	Delta	Latest 12 Wks - W/E 12/30/17 Y/Y	L4W vs. L12W	Latest 52 Wks - W/E 12/30/17 Y/Y
KELLOGG COMPANY		(1.7%)	(2.0%)	(3.5%)	(5.7%)	221 bps	(1.4%)	(31) bps	(4.0%)
RTE CEREAL	29.9%	(5.0%)	(4.5%)	(7.4%)	(7.4%)	05 bps	(4.3%)	(79) bps	(4.8%)
CRACKERS	19.4%	(3.8%)	(2.6%)	(2.6%)	(3.7%)	110 bps	(2.5%)	(124) bps	(3.0%)
POTATO CHIP	8.5%	(3.2%)	(6.1%)	(3.9%)	(4.7%)	82 bps	(3.2%)	(03) bps	(5.0%)
POP UP PASTRIES	8.3%	(2.2%)	(0.8%)	(1.9%)	(4.0%)	210 bps	(0.5%)	(172) bps	(3.7%)
WAFFLE	7.1%	9.3%	10.8%	12.4%	10.9%	150 bps	9.7%	(40) bps	4.3%
COOKIES	7.1%	(4.3%)	(10.3%)	(5.0%)	(14.6%)	956 bps	(7.0%)	274 bps	(8.6%)
CEREAL AND GRANOLA BARS	3.9%	(13.4%)	(17.2%)	(28.0%)	(34.6%)	664 bps	(16.7%)	332 bps	(19.8%)
DESSERT BARS	3.3%	12.9%	11.4%	19.7%	10.2%	948 bps	11.6%	125 bps	3.6%
MEAT ALTERNATIVES	1.8%	19.3%	21.8%	(0.8%)	(2.4%)	155 bps	21.0%	(166) bps	9.7%
MEAL REPLACEMENT BARS	1.2%	(11.1%)	(12.3%)	(19.4%)	(20.1%)	68 bps	(11.3%)	25 bps	(14.7%)
SHAPES	1.1%	(22.0%)	(30.4%)	(22.2%)	(24.0%)	171 bps	(26.0%)	407 bps	(14.6%)
CRACKER CHIP	1.0%	(1.6%)	(2.5%)	28.1%	26.7%	135 bps	(2.0%)	41 bps	3.1%
HEALTH/NUTRITION BARS	0.9%	209.6%	201.6%	219.4%	205.8%	1,358 bps	196.6%	1,301 bps	152.7%
PANCAKE	0.9%	32.3%	32.3%	28.5%	28.5%	02 bps	33.0%	(70) bps	11.2%
BREAKFAST SAUSAGE	0.6%	13.1%	14.8%	7.3%	2.0%	534 bps	13.0%	09 bps	6.7%
BREAKFAST SANDWICHES	0.6%	(31.1%)	(29.4%)	(57.9%)	(59.2%)	130 bps	(30.9%)	(11) bps	(32.9%)
HEALTH/NUTRITION SHAKES	0.6%	(28.2%)	(29.9%)	(47.4%)	(51.7%)	426 bps	(29.6%)	141 bps	(24.7%)
COOKIE AND CRACKER VARIETY PACK	0.6%	42.1%	38.6%	54.4%	63.9%	(949) bps	39.4%	272 bps	27.2%
PIE CRUST	0.4%	(8.3%)	(1.4%)	(21.9%)	(12.1%)	(978) bps	(4.6%)	(367) bps	(8.8%)
ICE CREAM CONE AND CUP	0.3%	(15.9%)	(15.8%)	(19.0%)	(12.9%)	(613) bps	(15.3%)	(63) bps	(13.8%)

KELLOGG COMPANY – Unit Growth

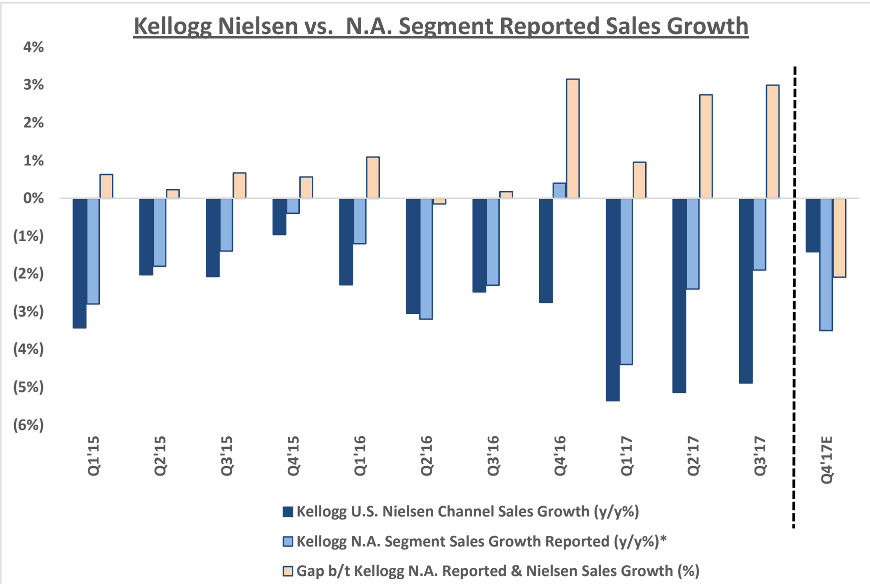
KELLOGG COMPANY	Latest 4 Wks - W/E 12/30/17 Y/Y	Previous 4 Wks - W/E 12/02/17 Y/Y	Latest 4 Wk 2Y Stacked	Prior 4 Wk 2Y Stacked	Delta	Latest 12 Wks - W/E 12/30/17 Y/Y	Latest 52 Wks - W/E 12/30/17 Y/Y
KELLOGG COMPANY	(0.3%)	(1.3%)	(3.0%)	(5.5%)	253 bps	(1.0%)	(5.4%)
RTE CEREAL	(3.1%)	(2.8%)	(5.7%)	(4.9%)	(79) bps	(2.8%)	(4.9%)
CRACKERS	0.7%	0.6%	0.6%	(2.0%)	259 bps	(0.2%)	(3.9%)
POTATO CHIP	0.5%	(4.5%)	(1.2%)	(3.3%)	210 bps	(1.1%)	(6.1%)
POP UP PASTRIES	(4.3%)	(1.6%)	(7.9%)	(6.9%)	(109) bps	(2.3%)	(8.5%)
WAFFLE	4.4%	6.8%	12.2%	12.7%	(52) bps	4.3%	2.5%
COOKIES	(1.8%)	(8.5%)	(6.8%)	(17.1%)	1,025 bps	(4.5%)	(10.1%)
CEREAL AND GRANOLA BARS	(11.9%)	(17.2%)	(29.3%)	(35.4%)	614 bps	(17.2%)	(22.2%)
DESSERT BARS	14.8%	13.7%	19.6%	7.1%	1,247 bps	13.5%	3.6%
MEAT ALTERNATIVES	15.9%	21.6%	(4.9%)	(4.1%)	(81) bps	18.9%	7.9%
MEAL REPLACEMENT BARS	(10.2%)	(13.4%)	(27.9%)	(31.3%)	340 bps	(12.6%)	(19.3%)
SHAPES	(26.6%)	(36.1%)	(35.2%)	(42.1%)	692 bps	(31.9%)	(21.0%)
CRACKER CHIP	0.5%	0.1%	27.9%	26.8%	109 bps	(0.1%)	3.6%
HEALTH/NUTRITION BARS	191.2%	185.4%	194.6%	185.7%	896 bps	182.2%	135.0%
PANCAKE	23.6%	24.9%	13.7%	12.5%	122 bps	23.9%	4.3%
BREAKFAST SAUSAGE	9.8%	14.4%	4.0%	2.9%	110 bps	11.1%	4.4%
BREAKFAST SANDWICHES	(33.9%)	(30.9%)	(58.9%)	(60.0%)	116 bps	(34.5%)	(33.8%)
HEALTH/NUTRITION SHAKES	(16.5%)	(18.9%)	(41.0%)	(45.0%)	407 bps	(18.5%)	(20.3%)
COOKIE AND CRACKER VARIETY PACK	28.8%	25.3%	56.3%	72.3%	(1,599) bps	25.5%	26.8%
PIE CRUST	(15.0%)	(7.8%)	(27.7%)	(17.0%)	(1,067) bps	(11.2%)	(12.6%)
ICE CREAM CONE AND CUP	(13.7%)	(13.3%)	(19.1%)	(13.5%)	(564) bps	(13.2%)	(17.5%)

KELLOGG COMPANY – Avg Unit Price Growth

KELLOGG COMPANY	Latest 4 Wks - W/E 12/30/17 Y/Y	Previous 4 Wks - W/E 12/02/17 Y/Y	Latest 4 Wk 2Y Stacked	Prior 4 Wk 2Y Stacked	Delta	Latest 12 Wks - W/E 12/30/17 Y/Y	Latest 52 Wks - W/E 12/30/17 Y/Y
KELLOGG COMPANY	(1.5%)	(0.7%)	(0.5%)	(0.2%)	(32) bps	(0.5%)	1.5%
RTE CEREAL	(2.0%)	(1.8%)	(1.7%)	(2.6%)	85 bps	(1.5%)	0.1%
CRACKERS	(4.4%)	(3.2%)	(3.1%)	(1.6%)	(151) bps	(2.3%)	1.0%
POTATO CHIP	(3.7%)	(1.7%)	(2.6%)	(1.4%)	(118) bps	(2.1%)	1.1%
POP UP PASTRIES	2.2%	0.8%	6.3%	2.9%	334 bps	1.9%	5.2%
WAFFLE	4.7%	3.8%	0.3%	(1.8%)	208 bps	5.2%	1.8%
COOKIES	(2.5%)	(2.0%)	2.0%	2.7%	(73) bps	(2.6%)	1.7%
CEREAL AND GRANOLA BARS	(1.8%)	0.0%	1.7%	1.0%	75 bps	0.6%	3.1%
DESSERT BARS	(1.7%)	(2.1%)	0.2%	3.7%	(348) bps	(1.6%)	0.0%
MEAT ALTERNATIVES	2.9%	0.2%	3.8%	2.2%	164 bps	1.8%	1.7%
MEAL REPLACEMENT BARS	(0.9%)	1.2%	10.4%	13.6%	(318) bps	1.4%	5.8%
SHAPES	6.2%	8.9%	15.4%	22.2%	(674) bps	8.5%	8.1%
CRACKER CHIP	(2.1%)	(2.6%)	(0.3%)	(0.7%)	34 bps	(1.9%)	(0.5%)
HEALTH/NUTRITION BARS	6.3%	5.7%	12.4%	9.6%	279 bps	5.1%	7.5%
PANCAKE	7.0%	5.9%	13.8%	15.8%	(194) bps	7.3%	6.6%
BREAKFAST SAUSAGE	3.0%	0.3%	3.0%	(1.1%)	414 bps	1.7%	2.2%
BREAKFAST SANDWICHES	4.3%	2.2%	1.8%	1.2%	56 bps	5.5%	1.4%
HEALTH/NUTRITION SHAKES	(14.0%)	(13.5%)	(7.1%)	(7.7%)	63 bps	(13.6%)	(5.5%)
COOKIE AND CRACKER VARIETY PACK	10.3%	10.6%	(1.6%)	(4.1%)	257 bps	11.0%	0.3%
PIE CRUST	8.0%	6.9%	6.8%	5.3%	155 bps	7.4%	4.4%
ICE CREAM CONE AND CUP	(2.6%)	(2.9%)	(0.2%)	0.2%	(36) bps	(2.4%)	4.5%

Source: Deutsche Bank, Nielsen

Figure 9: We forecast Q4'17 North America segment organic sales of (3.5%) vs. Kellogg U.S. Nielsen channel sales (1.4%)



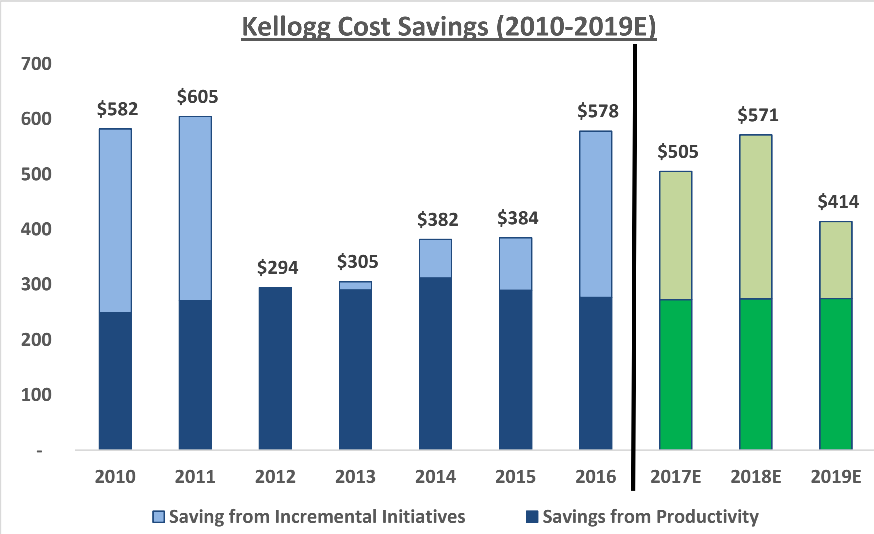
Source: Deutsche Bank, Company Reports, Nielsen

Figure 10: We estimate the DSD-exit impact to be ~(1.8%) in 2H'17

Kellogg Expected DSD Impact 2017		
U.S. Snacks Sales 1H'16	$	1,635
North America Sales 1H'16		4,596
Total Company Sales 1H'16		6,663
U.S. Snacks Sales 2H'16 (a)		1,563
North America Sales 2H'16 (b)		4,345
Total Company Sales 2H'16 (c)		6,351
U.S. Snacks Sales FY'16 (d)		3,198
North America Sales FY'16 (e)		8,941
Total Company Sales FY'16 (f)		13,014
Expected FY DSD Impact (Total Company)*		1.0%
Implied $ Sales FY DSD Impact (g)	**$**	**130**
U.S. Snacks - DSD Impact 1H'17*		1.0%
U.S. Snacks $ DSD Impact 1H'17 (h)		**16**
Implied $ Sales U.S. Snacks 1H'17 (a-h)		1,619
Implied $ Sales North America 1H'17(b-h)		4,580
Implied $ Sales Total Company 1H'17 (c-h)		6,647
Implied DSD Impact - U.S. Snacks 2H'17 Sales Y/Y		**(1.0%)**
Implied DSD Impact - North America 2H'17 Sales Y/Y		**(0.4%)**
Implied DSD Impact -Total Company 2H'17 Sales Y/Y		**(0.2%)**
Implied $ Sales Impact 2H'17 (i)		**114**
Implied $ Sales U.S. Snacks 2H'17 (a-i)		1,449
Implied $ Sales North America 2H'17(b-i)		4,231
Implied $ Sales Total Company 2H'17 (c-i)		6,237
Implied DSD Impact - U.S. Snacks 2H'17 Sales Y/Y		**(7.3%)**
Implied DSD Impact - North America 2H'17 Sales Y/Y		**(2.6%)**
Implied DSD Impact -Total Company 2H'17 Sales Y/Y		**(1.8%)**
Implied $ Sales U.S. Snacks FY'17 (a-d)		3,068
Implied $ Sales North America FY'17(b-d)		8,811
Implied $ Sales Total Company FY'17 (c-d)		12,884
Implied DSD Impact - U.S. Snacks FY'17 Sales Y/Y		**(4.1%)**
Implied DSD Impact - North America FY'17 Sales Y/Y		**(1.5%)**
Implied DSD Impact -Total Company FY'17 Sales Y/Y		**(1.0%)**

Source: Deutsche Bank, Company Reports

Figure 11: Between ZBB, Special K, and ongoing base business productivity, Kellogg expects to achieve ~$1bn in cost savings between 2018-2019



Source: Deutsche Bank, Company Reports
Note: Data in USD mm

Figure 12: DB estimates vs. consensus

	4Q17E				2018E				2019E			
	DB Estimate	Consensus	$ Delta	% Delta	DB Estimate	Consensus	$ Delta	% Delta	DB Estimate	Consensus	$ Delta	% Delta
Sales	**$3,157**	**$3,083**	**$75**	**2%**	**$13,054**	**$12,789**	**$265**	**2%**	**$13,184**	**$12,875**	**$309**	**2%**
Y/Y Δ Sales (%)	1.9%	(0.5%)			1.4%	(0.6%)			1.0%	0.7%		
Gross Profit	**$1,269**	**$1,222**	**$46**	**4%**	**$5,197**	**$5,008**	**$189**	**4%**	**$5,314**	**$5,109**	**$205**	**4%**
Y/Y Δ Gross Profit (%)	2.7%	(1.0%)			2.2%	(1.5%)			2.3%	2.0%		
% Gross Margin	40.2%	39.7%			39.8%	39.2%			40.3%	39.7%		
Y/Y Δ Gross Profit (bps)	30 bps	(22 bps)			30 bps	(35 bps)			50 bps	52 bps		
Operating Profit	**$526**	**$521**	**$5**	**1%**	**$2,241**	**$2,220**	**$21**	**1%**	**$2,294**	**$2,289**	**$5**	**0%**
Y/Y Δ Operating Profit (%)	6.5%	5.4%			4.3%	3.3%			2.3%	3.1%		
% Operating Margin	16.7%	16.9%			17.2%	17.4%			17.4%	17.8%		
Y/Y Δ Operating Profit (bps)	70 bps	94 bps			47 bps	65 bps			23 bps	42 bps		
EPS	**$0.98**	**$0.96**	**$0.02**	**2%**	**$4.50**	**$4.30**	**$0.20**	**5%**	**$4.72**	**$4.58**	**$0.14**	**3%**
Y/Y Δ EPS (%)	6.4%	4.0%			11.2%	6.4%			4.9%	6.5%		

Source: Deutsche Bank, Company Reports, FactSet

Figure 13: Kellogg Company Q4 variance table

Kellogg Co.								
				% Sales			% Change	
	Q4'16	DB Q4'17E	Cons	Q4'16	DB Q4'17E	Cons	DB Q4'17E	Cons
North America	$ 2,130	$ 2,094	$ 2,056	68.8%	66.3%	66.6%	(1.7%)	(3.5%)
Europe	556	598	568	18.0%	18.9%	18.4%	7.5%	2.2%
Latin America	187	233	219	6.0%	7.4%	7.1%	24.5%	17.1%
Asia Pacific	224	233	242	7.2%	7.4%	7.9%	4.0%	8.1%
Sales	**3,097**	**3,157**	**3,085**	**100.0%**	**100.0%**	**100.0%**	**1.9%**	**(0.4%)**
Cost of Goods	1,862	1,889	1,863	60.1%	59.8%	60.4%	1.4%	0.0%
Gross Profit	**1,235**	**1,269**	**1,222**	**39.9%**	**40.2%**	**39.6%**	**2.7%**	**(1.0%)**
bps Δ					*30*	*(26)*		
SG&A	741	743	707	23.9%	23.5%	22.9%	0.2%	(4.5%)
bps Δ					*(40)*	*(100)*		
North America	388	402	404	18.2%	19.2%	19.6%	3.6%	4.1%
bps Δ					*98*	*143*		
Europe	83	90	84	14.9%	15.0%	14.8%	8.0%	1.2%
bps Δ					*7*	*(14)*		
Latin America	19	23	22	10.2%	9.9%	10.0%	21.3%	15.8%
bps Δ					*(26)*	*(11)*		
Asia Pacific	24	25	26	10.7%	10.8%	10.7%	4.8%	8.3%
bps Δ					*9*	*2*		
Corporate	(20)	(14)	(15)	(0.6%)	(0.4%)	(0.5%)	N/M	
Operating Income	**494**	**526**	**521**	**16.0%**	**16.7%**	**16.9%**	**6.5%**	**5.5%**
bps Δ					*70*	*94*		
Other Income (Expense), Net	3	-		0.1%	0.0%			
bps Δ					*(10)*			
Interest Expense	63	64	64	2.0%	2.0%	2.1%	2.2%	1.5%
bps Δ					*1*	*4*		
Pretax Income	434	461	457	14.0%	14.6%	14.8%	6.3%	5.3%
bps Δ					*60*	*80*		
Income Taxes	110	123	124	3.6%	3.9%	4.0%	12.0%	12.3%
Tax Rate				25.3%	26.7%	27.0%		
bps Δ					*135*	*168*		
Earnings from JV	3	-						
Noncontrolling Interests	1	-						
Net Income	**$ 328**	**$ 338**	**$ 331**	**10.6%**	**10.7%**	**10.7%**	**3.1%**	**0.8%**
EPS	**$ 0.93**	**$ 0.98**	**$ 0.96**				**4.6%**	**2.3%**
Shares Outstanding	351	346	346				(1.4%)	(1.4%)

Source: Deutsche Bank, Company Reports, FactSet

Figure 14: Kellogg Company quarterly income statement

($mm - FYE December)	2014	2015	2016	MAR 1Q17	JUN 2Q17	SEP 3Q17	DEC 4Q17E	2017E	MAR 1Q18E	JUN 2Q18E	SEP 3Q18E	DEC 4Q18E	2018E	2019E	2020E
Sales	**$ 14,580**	**$ 13,525**	**$ 13,014**	**$ 3,254**	**$ 3,187**	**$ 3,273**	**$ 3,157**	**$ 12,871**	**$ 3,309**	**$ 3,222**	**$ 3,332**	**$ 3,192**	**$ 13,054**	**$ 13,184**	**$ 13,385**
Cost of Goods	8,905	8,232	7,910	2,006	1,910	1,981	1,889	7,786	2,030	1,921	2,007	1,900	7,858	7,869	7,977
Cost of Goods / Sales (%)	61.1%	60.9%	60.8%	61.6%	59.9%	60.5%	59.8%	60.5%	61.3%	59.6%	60.2%	59.5%	60.2%	59.7%	59.6%
Y/Y Δ COGs / Sales (bps)	*38 bps*	*(21 bps)*	*(8 bps)*	*(27 bps)*	*(38 bps)*	*(17 bps)*	*(30 bps)*	*(29 bps)*	*(30 bps)*	*(30 bps)*	*(30 bps)*	*(30 bps)*	*(30 bps)*	*(50 bps)*	*(10 bps)*
Gross Profit	**5,672**	**5,293**	**5,104**	**1,248**	**1,277**	**1,292**	**1,269**	**5,086**	**1,279**	**1,301**	**1,325**	**1,292**	**5,197**	**5,314**	**5,409**
Gross Margin (%)	38.9%	39.1%	39.2%	38.4%	40.1%	39.5%	40.2%	39.5%	38.7%	40.4%	39.8%	40.5%	39.8%	40.3%	40.4%
Y/Y Δ Gross Margin (bps)	*(40 bps)*	*24 bps*	*8 bps*	*27 bps*	*38 bps*	*17 bps*	*30 bps*	*29 bps*	*30 bps*	*30 bps*	*30 bps*	*30 bps*	*30 bps*	*50 bps*	*10 bps*
Selling, General, & Administrative	3,520	3,354	3,106	730	739	724	743	2,936	724	746	751	734	2,956	3,020	2,958
SG&A / Sales (%)	24.1%	24.8%	23.9%	22.4%	23.2%	22.1%	23.5%	22.8%	21.9%	23.2%	22.5%	23.0%	22.6%	22.9%	22.1%
Y/Y Δ SG&A / Sales (bps)	*(25 bps)*	*66 bps*	*(93 bps)*	*(45 bps)*	*(96 bps)*	*(243 bps)*	*(40 bps)*	*(106 bps)*	*(55 bps)*	*(3 bps)*	*41 bps*	*(51 bps)*	*(17 bps)*	*27 bps*	*(81 bps)*
Operating Profit	**2,155**	**1,939**	**1,998**	**518**	**538**	**568**	**526**	**2,150**	**555**	**554**	**574**	**557**	**2,241**	**2,294**	**2,450**
Operating Margin	14.8%	14.3%	15.4%	15.9%	16.9%	17.4%	16.7%	16.7%	16.8%	17.2%	17.2%	17.5%	17.2%	17.4%	18.3%
Y/Y Δ Operating Margin (bps)	*(13 bps)*	*(44 bps)*	*102 bps*	*72 bps*	*134 bps*	*260 bps*	*70 bps*	*135 bps*	*85 bps*	*33 bps*	*(11 bps)*	*81 bps*	*47 bps*	*23 bps*	*91 bps*
Interest Expense	209	227	253	61	63	64	64	252	63	63	63	63	250	247	245
Other Inc (Exp), Net	10	(22)	10	3	(6)	(2)	-	(5)	-	-	-	-	-	-	-
Pretax Income	1,956	1,690	1,755	460	469	502	461	1,892	492	492	512	495	1,991	2,047	2,205
Income Taxes	552	432	432	91	129	140	123	483	111	111	115	111	448	461	485
Tax Rate (%)	28.2%	25.6%	24.6%	19.7%	27.6%	27.8%	26.7%	25.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.0%
Earnings From Joint Venture	(6)	-	4	2	-	3	-	5	-	-	-	-	-	-	-
Net Income	**$1,398**	**$1,258**	**1,327**	**371**	**340**	**365**	**338**	**1,415**	**382**	**381**	**397**	**384**	**1,543**	**1,586**	**1,720**
Noncontrolling Interests	1	-	1	-	-	-	-	-	-	-	-	1	1	1	-
Net Income attributable to Kellogg	**$ 1,397**	**$ 1,257**	**$ 1,326**	**$ 371**	**$ 340**	**$ 365**	**$ 338**	**$ 1,415**	**$ 382**	**$ 381**	**$ 397**	**$ 383**	**$ 1,542**	**$ 1,585**	**$ 1,720**
Extraordinary Items, Net of Tax	(764)	(350)	(632)	(109)	(58)	(68)	(75)	(311)	(75)	(75)	(75)	(75)	(300)	(200)	-
Net Income, GAAP	633	614	694	262	282	297	263	1,104	307	306	322	308	1,242	1,385	1,720
EPS	**$ 3.88**	**$ 3.53**	**$ 3.74**	**$ 1.05**	**$ 0.97**	**$ 1.05**	**$ 0.98**	**$ 4.04**	**$ 1.11**	**$ 1.11**	**$ 1.16**	**$ 1.12**	**$ 4.50**	**$ 4.72**	**$ 5.24**
EPS, GAAP	$ 1.74	$ 2.63	$ 1.96	$ 0.74	$ 0.80	$ 0.85	$ 0.76	$ 3.16	$ 0.89	$ 0.89	$ 0.94	$ 0.90	$ 3.62	$ 4.12	$ 5.24
Shares Outstanding (Diluted - GAAP)	360	355	354	354	352	348	346	350	345	344	342	341	343	336	328
Dividend Per Share	$ 1.90	$ 1.98	$ 2.04	$ 0.52	$ 0.52	$ 0.54	$ 0.54	$ 2.12	$ 0.54	$ 0.54	$ 0.56	$ 0.56	$ 2.20	$ 2.29	$ 2.39
Depreciation & Amortization	503	534	517	122	122	122	122	489	124	124	124	124	496	475	468
EBITDA	$ 2,658	$ 2,473	$ 2,515	$ 640	$ 660	$ 690	$ 648	$ 2,639	$ 679	$ 678	$ 698	$ 681	$ 2,737	$ 2,768	$ 2,919

Income Statement (Y/Y %)															
Sales	(1.4%)	(7.2%)	(3.8%)	(4.2%)	(2.5%)	0.6%	1.9%	(1.1%)	1.7%	1.1%	1.8%	1.1%	1.4%	1.0%	1.5%
COGs	(0.8%)	(7.6%)	(3.9%)	(4.6%)	(3.1%)	0.3%	1.4%	(1.6%)	1.2%	0.6%	1.3%	0.6%	0.9%	0.1%	1.4%
Gross Profit	(2.4%)	(6.7%)	(3.6%)	(3.5%)	(1.5%)	1.0%	2.7%	(0.4%)	2.5%	1.9%	2.6%	1.8%	2.2%	2.3%	1.8%
Operating Profit	(2.3%)	(10.0%)	3.0%	0.4%	5.9%	18.3%	6.5%	7.6%	7.1%	3.1%	1.1%	6.0%	4.3%	2.3%	6.8%
Interest Expense	(0.8%)	(3.0%)	7.1%	(4.7%)	8.6%	17.6%	4.4%	8.8%	2.5%	1.9%	(0.7%)	4.9%	2.8%	1.3%	5.2%
Pretax Income	(0.9%)	(13.6%)	3.9%	1.8%	5.6%	18.1%	6.3%	7.8%	7.0%	4.9%	2.0%	7.2%	5.2%	2.8%	7.7%
Net Income Attributable to Kellogg	(0.9%)	(10.1%)	5.5%	9.5%	5.4%	8.1%	3.8%	6.7%	2.8%	12.2%	8.6%	13.1%	9.0%	2.8%	8.5%
EPS	0.8%	(9.0%)	5.9%	9.8%	6.0%	10.0%	6.4%	8.1%	5.4%	14.8%	10.5%	14.8%	11.2%	4.9%	11.1%
Shares Outstanding	(1.4%)	(1.3%)	(0.5%)	(0.3%)	(0.6%)	(1.7%)	(1.4%)	(1.0%)	(2.5%)	(2.3%)	(1.7%)	(1.4%)	(2.0%)	(2.0%)	(2.4%)
Dividend Per Share	5.6%	4.2%	3.0%	4.0%	4.0%	3.8%	3.8%	3.9%	3.8%	3.8%	4.0%	4.0%	3.9%	4.0%	4.5%

Source: Deutsche Bank, Company Reports

Appendix 1

Important Disclosures

*Other information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Kellogg	K.N	65.45 (USD) 2 Feb 2018	1, 7, 8, 14, 15

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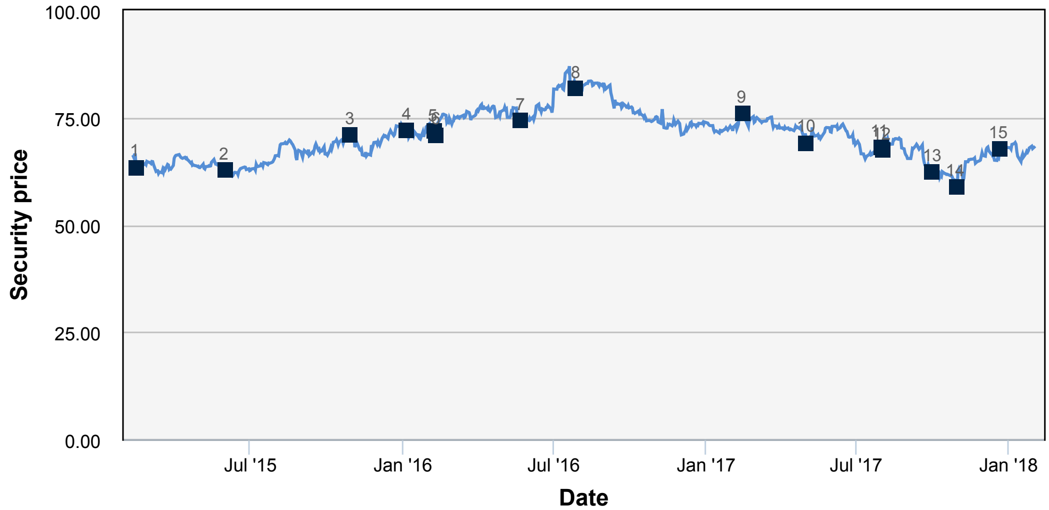
Historical recommendations and target price. Kellogg (K.N)

(as of 02/02/2018)



Current Recommendations

Buy
Hold
Sell
Not Rated
Suspended Rating

** Analyst is no longer at Deutsche Bank

1.	02/13/2015	Hold, Target Price Change USD 63,00 Mario Contreras**
2.	06/01/2015	Hold, Target Price Change USD 64,00 Eric Katzman, CFA**
3.	10/30/2015	Hold, Target Price Change USD 66,00 Eric Katzman, CFA**
4.	01/07/2016	Hold, Target Price Change USD 69,00 Eric Katzman, CFA**
5.	02/08/2016	Hold, Target Price Change USD 70,00 Eric Katzman, CFA**
6.	02/11/2016	Hold, Target Price Change USD 73,00 Kanika Goyal, CFA
7.	05/23/2016	Hold, Target Price Change USD 74,00 Mario Contreras**
8.	07/29/2016	Hold, Target Price Change USD 78,00 Mario Contreras**
9.	02/15/2017	Hold, Target Price Change USD 79,00 Kanika Goyal, CFA
10.	05/03/2017	Hold, Target Price Change USD 72,00 Kanika Goyal, CFA
11.	08/01/2017	Hold, Target Price Change USD 71,00 Kanika Goyal, CFA
12.	08/03/2017	Hold, Target Price Change USD 74,00 Kanika Goyal, CFA
13.	10/02/2017	Hold, Target Price Change USD 67,00 Kanika Goyal, CFA
14.	10/31/2017	Hold, Target Price Change USD 68,00 Kanika Goyal, CFA
15.	12/22/2017	Hold, Target Price Change USD 71,00 Stephen Powers

Equity Rating Key

Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus pro-jected dividend yield) , we recommend that investors buy the stock.
Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock.
Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

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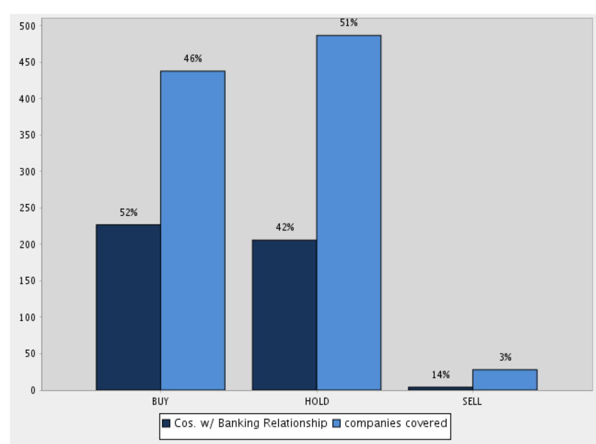
Equity rating dispersion and banking relationships



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M&A History

Kellogg Company

Thomson Reuters Deals

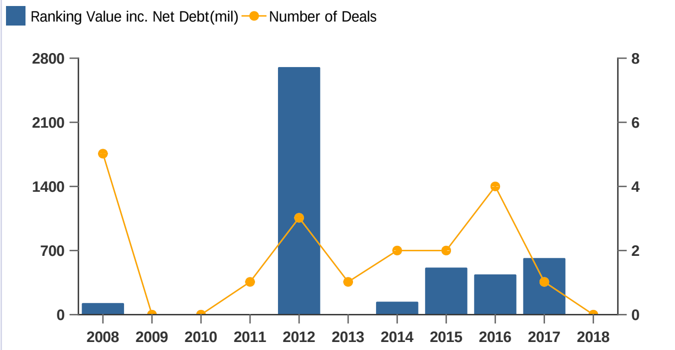
Note: Deal List is limited to 1000 deals.
Date: 04/20/18 22:59 GMT

Product	Time Period		Currency	Deals Included
M&A	From: 2008	To: 2018	USD	League Table Eligible

Deal Summary

Year	Ranking Value inc. Net Debt(mil)	Number of Deals
2008	120.00	5
2009	-	0
2010	-	0
2011	2.63	1
2012	2,695.00	3
2013	0.00	1
2014	124.20	2
2015	500.00	2
2016	431.17	4
2017	600.00	1
2018	-	0
Total	**4,472.99**	**19**

Filter: M&A, 2008 to 2018, USD, League Table Eligible

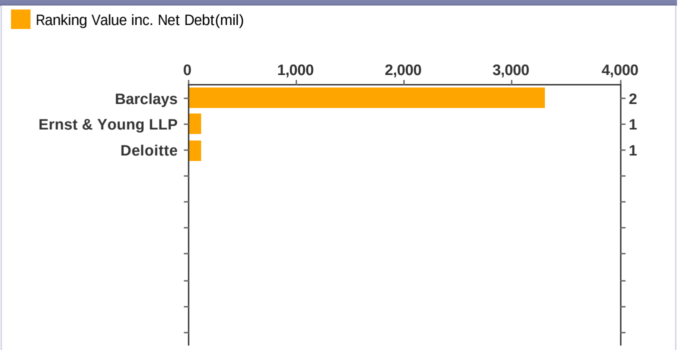


Filter: M&A, 2008 to 2018, USD, League Table Eligible

Banking Relationships

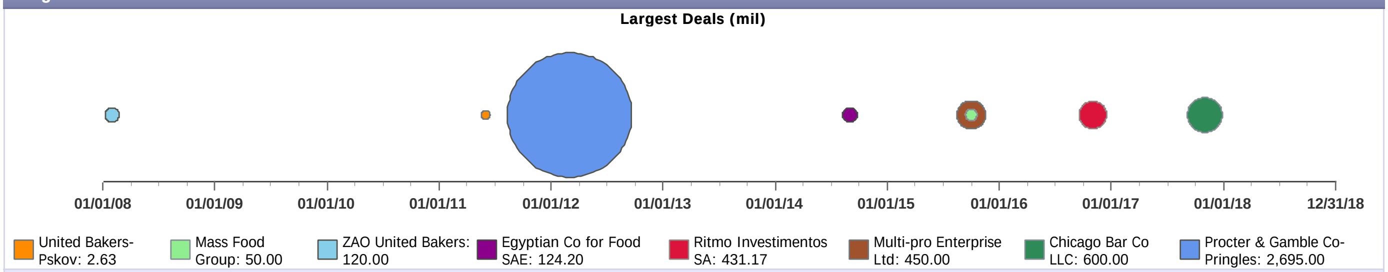
Rank	Financial Advisors	Ranking Value inc. Net Debt(mil)	Number of Deals
1	Barclays	3,295.00	2
2	Ernst & Young LLP	124.20	1
3	Deloitte	120.00	1
Total		**4,472.99**	**19**

Filter: M&A, 2008 to 2018, USD, League Table Eligible



Filter: M&A, 2008 to 2018, USD, League Table Eligible
Note: Number of deals is shown on right axis.

Largest Deals



Filter: M&A, 2008 to 2018, USD, League Table Eligible
Note: Includes the top 10 deals with values based on the filter criteria.

Deal Statistics

Deal Sizes(mil)	
Largest Deal	2,695.00
Smallest Deal	2.63
Average Deal	559.12
Median Deal	277.68

	Top Countries	By Value	By #
1	United States	74%	37%
2	Nigeria	10%	5%
3	Brazil	10%	5%

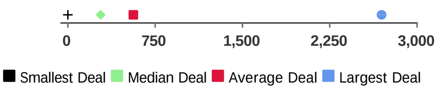
	Top Industries	By Value	By #
1	Non-Cyclical Consumer Goods & Services	100%	95%
2	Financials	0%	5%

Filter: M&A, 2008 to 2018, USD, League Table Eligible
Note: Analysis is based on the target and excludes unknown and zero value deal sizes.

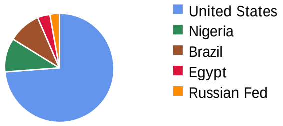
Source: Thomson Reuters
Note: Data is continuously updated and is therefore subject to change.

Kellogg Company

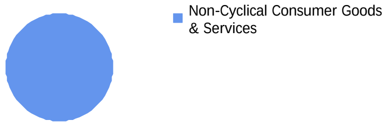
Deal Sizes(mil)



Top Countries



Top Industries



Filter: M&A, 2008 to 2018, USD, League Table Eligible

Note: Analysis is based on the target and excludes unknown and zero value deal sizes. Pie charts are based on value.

Source: Thomson Reuters
Note: Data is continuously updated and is therefore subject to change.

THOMSON REUTERS

Kellogg Company

Deal List

Items - 19

Rank Date	Target Name	Acquiror Name	Ranking Value inc. Net Debt(mil)	Target Advisors	Acquiror Advisors
02/15/12	Procter & Gamble Co-Pringles	Kellogg Co	2,695.00	Morgan Stanley (Advisory)	Barclays (Advisory)
10/06/17	Chicago Bar Co LLC	Kellogg Co	600.00	Barclays PLC (Advisory)	Piper Jaffray Cos (Advisory)
09/15/15	Multi-pro Enterprise Ltd	Kellogg Co	450.00	Evercore Partners (Advisory)	-
10/13/16	Ritmo Investimentos SA	Pringles Servicos e Comercio	431.17	-	Credit Suisse Group (Advisory)
08/31/14	Egyptian Co for Food SAE	Kellogg Co	124.20	-	Ernst & Young LLP (Advisory)
01/17/08	ZAO United Bakers	Kellogg Co	120.00	Deloitte & Touche LLP (other than Spain) (Advisory)	UniCredit Group (Rep Maj Sharehold)
09/28/15	Mass Food Group	Kellogg Co	50.00	Pharos Holding for Financial Investments (Advisory)	-
05/11/11	United Bakers-Pskov	United Bakers	2.63	-	-
01/31/13	Yihai Kerry Kellogg Foods	Yihai Kerry Investments Co Ltd	-	-	-
06/30/08	Zhenghang Food Co Ltd	Kellogg Co	-	-	-
09/03/08	IndyBake Products LLC	Kellogg Co	-	-	-
09/03/08	Brownie Products Co	Kellogg Co	-	-	-
08/21/08	Specialty Cereals Pty Ltd	Kellogg(Australia)Pty Ltd	-	Deloitte & Touche LLP (other than Spain) (Advisory)	-
04/16/12	Gorokhovetskiy pishchevik	KF Krasnaya Zvezda	-	-	-
09/24/12	Wilmar-Infrastructure,Supply	Kellogg-Brands & Products	-	-	-
09/30/14	Kellogg Co-Loma Linda &	Atlantic Natural Foods LLC	-	-	-
06/17/16	Pure Organic	Kashi Co	-	-	-
09/19/16	Vita+ Naturprodukte GmbH	Kellogg Co	-	-	-
10/03/16	Worthi Foods-Shelf sta busines	Atlantic Natural Foods LLC	-	-	-

Filter: M&A, 2008 to 2018, USD, League Table Eligible
Note: Default sort is based on rank value.

Source: Thomson Reuters
Note: Data is continuously updated and is therefore subject to change.