



2011 Corporate Responsibility Report

EXECUTIVE SUMMARY

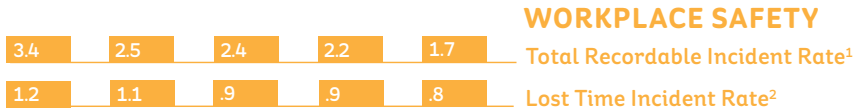
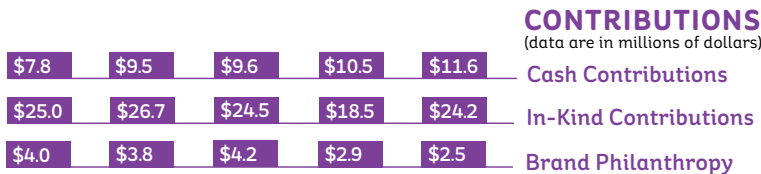
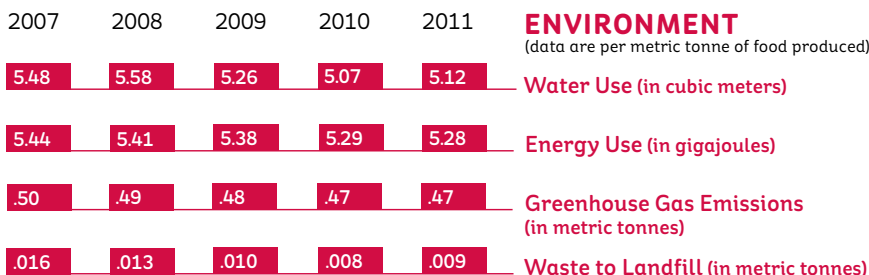
At Kellogg, we're committed to building a strong company and well-loved brands, while doing what's right for our environment and for society. Corporate Responsibility (CR) is part of our essence, instilled more than a century ago by our company's founder. W.K. Kellogg aspired to improve physical and emotional well-being with the foods he made and through his philanthropic generosity.

We're continuing W.K. Kellogg's journey and building upon his commitments. Today, we're pushing boundaries to develop products in a more sustainable way – a way that delivers shared results for our consumers, for our employees, for our planet and for our communities, as well as for our investors. Our CR strategy is built around four key pillars: Marketplace, Workplace, Environment and Community.

This summary provides a snapshot of our CR progress in 2011. We encourage you to view our full CR report (which is aligned with Global Reporting Initiative (GRI) guidelines at a GRI-checked "B" level); just click on the "Corporate Responsibility" tab on www.kelloggcompany.com.

John Bryant
President and Chief Executive Officer
April 2012

SUMMARY OF KEY DATA



Your Feedback Supports Global Foodbanking

Email corporateresponsibility@kellogg.com with your comments on this summary or our full report. For every person who submits feedback in 2012, Kellogg Company will make a one-time donation of \$5 to The Global FoodBanking Network – up to \$10,000.

OUR NEW VISION AND PURPOSE

In 2011, we updated our company's vision (i.e., what we aspire to) and our purpose (i.e., the role we play in society).

Our Vision: To enrich and delight the world through foods and brands that matter.

Our Purpose: Nourishing families so they can flourish and thrive.

RECOGNITIONS

- 4th on the 2011 CSR Top 50 Index
Boston College Center for Corporate Citizenship
- 36th in the list of 100 Best Global Green Brands in 2011
Interbrand

- "A" rating for CR Reporting in 2011
Roberts Environmental Center at Claremont McKenna College
- CEO Leadership Circle of Excellence Award in 2011
U.S. Department of Commerce, Minority Business Development Agency
(See web report for a full list.)

See www.kelloggcompany.com for our full CR Report.

1. Total Recordable Incident Rate = (the total number of recordable cases x 200,000 hours)/total labor hours worked. In this formula and the one for Lost Time Incident Rate, the 200,000 hours represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

2. Lost Time Incident Rate = (the total number of incidents that resulted in days away from work x 200,000 hours)/total labor hours worked.

MARKETPLACE

As a food industry leader in a global marketplace, we're always looking for new ways to satisfy a broad diversity of tastes across a suite of products that range from high-fiber cereals to more indulgent cookies and snacks. We continuously strive to improve the nutritional value of our products. Whether we are reducing ingredients that consumers want less of (such as sodium and sugars) or increasing nutrients they want more of (such as fiber and whole grains), we stay true to our primary objective: producing great-tasting foods that people love, while manufacturing, marketing and selling them safely and responsibly.

Good nutrition and simple grains lie at the heart of our products. Many of our foods are minimally processed, rich in nutrients and simple to produce – including cereals, such as *Mini-Wheats*®, *Mini Max Original*®, *Rice Krispies*® and *Corn Flakes*®, that have five or fewer ingredients (not including vitamins and minerals).

NUTRITION HIGHLIGHTS



Since 2007, we have reduced the average amount of sodium per serving in our ready-to-eat cereals in our core markets³ by 16 percent.



In the U.S. in recent years, we've reduced sugar in our top-selling kids' cereals by approximately 20 percent, or 2 to 3 grams per serving.



We produce more ready-to-eat cereals (such as *Raisin Bran*®, *Mini-Wheats*® and *Froot Loops*®) that provide a good source of fiber⁴ (3 grams) and one-half serving of whole grains (8 grams) than any other food company in the U.S.⁵



We began supplementing cereals in the majority of our European markets with vitamin D to address a critical consumer health need.

Spotlight Story: BENEFITS OF BREAKFAST

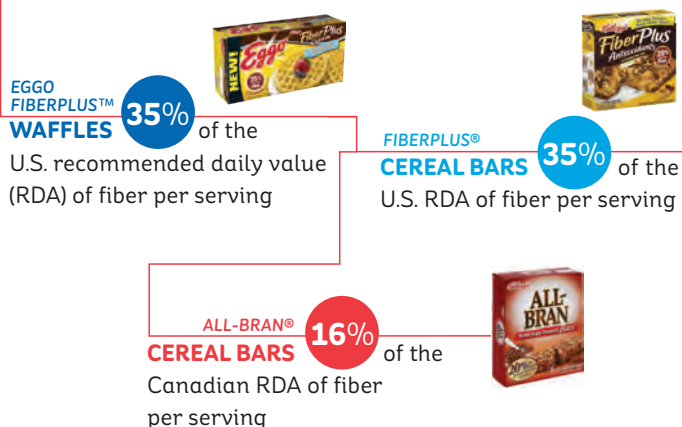
Breakfast as a Cross-Pillar Topic

Our global corporate responsibility strategy groups our major CR issues into four pillars. As we've worked to implement this strategy and fully embed it into our day-to-day work, it has become clear that some topics cut across multiple areas. The Benefits of Breakfast is one of those topics, as it includes elements relating to three of our four pillars: Marketplace, Environment and Community.

Breakfast is the most important meal of the day. And there are reams of scientific research to back up that fact. After a night of sleep, a balanced breakfast fuels the body and brain so they can function at their best.

- An average serving of cereal with skim milk has 152 calories (less than many other breakfast choices) and delivers valuable essential nutrients including B vitamins and iron.
- Breakfast cereal eaters have been found to have lower BMIs (body mass indexes).⁶
- Eating breakfast may help children do better in school by improving memory, test grades, school attendance, psycho-social function and mood, according to a recent review of 22 studies.⁷

BOOSTING FIBER CONTENT



RESPONSIBLE PRODUCT MARKETING

Kellogg is committed to the responsible marketing and communication of our products to help consumers make informed choices about the foods they enjoy. Our Worldwide Marketing and Communication Guidelines provide a consistent global framework for responsible marketing practices, including our advertising and marketing approach for digital and traditional media, in-school activities, licensed property use, contests and promotions. They also include rules related to privacy protection, e-commerce and other media. We frequently reevaluate the rules to make sure they are relevant and appropriate.

See www.kelloggcompany.com for our full CR Report.



3. Our core markets are the U.S., Canada, Mexico, the U.K., France and Australia.

4. The U.S. Food and Drug Administration defines a "good" source of fiber as containing 3 grams or more per serving, or at least 10 percent of the recommended daily value. An "excellent" source is at least 5 grams, or 20 percent of the recommended daily value.

5. Based on a Kellogg audit of national breakfast cereals in June 2011. The data was drawn from label, website and a syndicated database and includes nationally distributed ready-to-eat cereals from Kellogg's, General Mills, Post, Quaker and Malt-O-Meal.

6. de la Hunty A and Ashwell M. (2007) Are people who regularly eat breakfast cereals slimmer than those who don't? A systematic review of the evidence. *BNF Nutrition Bulletin*. 32:119-129.

7. Rampersaud GC, Pereira MA, Girard BL, Adams J, Metz J, et al. (2005) Breakfast habits, nutritional status, body weight, and academic performance. *J Am Diet Assoc*. 105:743-760.



ENVIRONMENT

At Kellogg, we aim to produce more with less – less energy, fewer greenhouse gas (GHG) emissions, less water, less waste. We have been working hard toward our companywide goals for lowering energy use, GHG emissions and water use by 15 to 20 percent from 2005 to 2015 and reducing waste to landfill 20 percent from 2009 to 2015. As can be seen in the Summary of Key Data on p. 1, we are on track to meet our GHG and water goals but are slightly behind on our energy use and waste goals.

Together with other members of the U.K. Food and Drink Federation, all Kellogg facilities in Europe have pledged to achieve zero waste to landfill by 2015. Four have achieved it thus far – Bremen, Germany; Valls, Spain; Manchester, England; and the snack plant in Wrexham, Wales.

2011 ENVIRONMENTAL PROGRESS AT OUR MANUFACTURING PLANTS



Wrexham, Wales, U.K.:
Has decreased energy use and waste to landfill per metric tonne of food produced by **57%** and **64%**, respectively, since 2005.



Battle Creek, Michigan, U.S.:
Reduced absolute electricity consumption **19%** in 2011 compared to 2010, and has reduced waste to landfill per metric tonne of food produced by **45%** since 2009.



Querétaro, Mexico:
Received **6th** consecutive *Industria Limpia* (“clean industry”) certification from Mexico’s federal environmental protection agency.



Taloja, India:
Has reduced water use per metric tonne of food produced by **67%** since 2005.



Linares, Mexico:
Installed **125** state-of-the-art solar collectors. Projected GHG savings: **173** metric tonnes per year.



Springs, South Africa:
Implemented a mechanical change that is now preventing **15 to 20** metric tonnes of waste per month.

THE IMPORTANCE OF WATER

At Kellogg, we believe that water use – by our company but especially in our agricultural supply chain – represents perhaps an even more significant environmental impact than energy use and GHG emissions, at least in the short term. Water is needed to irrigate many of the crops that become ingredients in our products. We estimate that agriculture accounts for more than 95 percent of the water used during the lifecycles of our cereal products.

We have put a corporate water policy in place. And, we’ve assessed our water-related risks to give us insight into where, when and how we face issues relating to water availability and quality. In 2011, we shared the results of this water risk assessment publicly via the Water Disclosure program of the Carbon Disclosure Project.

“Given the volume of grains grown in the world, we have to acknowledge that grain agriculture has significant impacts in terms of energy, water and land use. At the same time, however, a kilocalorie of energy from *Kellogg’s Corn Flakes*® takes much less energy and water to produce than a kilocalorie of meat or cheese. Because grains are extremely efficient users of land and labor, they are a great way to feed the world’s growing population. Fortunately, they are also healthy and nutritious.”

– Richard B., environmental strategy manager, Kellogg Europe⁸

See www.kelloggcompany.com for our full CR Report.

8. To protect the privacy of our non-executive employees, our reports use first names and last initials only.



Spotlight Story: SUSTAINABLE AGRICULTURE

Sustainable Agriculture as a Cross-Pillar Topic

Our global corporate responsibility strategy groups our major CR issues into four pillars. As we’ve worked to implement this strategy and fully embed it into our day-to-day work, it has become clear that some topics cut across multiple areas. Sustainable Agriculture is one of those topics, as it includes elements relating to three of our four pillars: Environment, Marketplace and Community.

We are responding to consumers who are increasingly interested in the origins of their food and how it is grown. Truth is, it’s a short road from the farmer’s field to the cereal bowl. Our cereals come from simple ingredients – rice, wheat, corn and other grains. We are reaching back into our supply chain and working with growers and millers more closely than ever before, to engage with them on issues related to agricultural sustainability.

For example, we have been working with rice farmers, the Louisiana Rice Mill and the Louisiana State University Ag Center to create a Rice Master Grower program. This program aims to bolster long-term social and economic well-being among farmer communities, ensure a continuous supply of medium-grain rice for Kellogg products and drive environmental improvements in rice production. The Master Grower program will launch in 2012, with detailed, outcome-based performance metrics developed by 2015.

WORKING WITH OTHERS TO DRIVE CHANGE

We partner with numerous industry and multi-stakeholder organizations to help promote sustainability in agricultural systems, including:



Sustainable Agriculture Initiative Platform

Sustainable Rice Platform



Field to Market

The Keystone Alliance for Sustainable Agriculture

Roundtable on Sustainable Palm Oil



Consumer Goods Forum

AIM Progress



plus numerous university researchers, research institutes, agricultural suppliers and individual growers

WORKPLACE

At Kellogg, we are committed to creating a sense of community at work. We encourage employees to listen to and learn from each other, support each other and grow together. We want our workforce to feel engaged with and connected to the company's vision and purpose – as well as connected to each other – so together we can achieve more.

In terms of workforce diversity, our vision is to build a stronger Kellogg by fostering an inclusive culture that leverages diversity as a competitive advantage. This requires a strategic approach, led from the top, with engagement and accountability at all levels. Though we are not yet where we want to be, we have made good headway toward our vision in recent years.

2011 SURVEY OF KELLOGG EMPLOYEES



DIVERSITY AT KELLOGG

Two members of our Board of Directors are women, one member is African-American and one is Hispanic.

Our 13-member executive leadership team (ELT) includes three women. In addition, the ELT is multicultural, with two Europeans, one Australian and one Canadian.



Kellogg Company's U.S. workforce is



WORKPLACE SAFETY

People safety is a critical focus for us. We work hard to ensure that the systems, processes and equipment are in place to enable our employees to do their jobs safely. Our safety performance, which was already strong, improved even more in 2011: Our Total Recordable Incident rate decreased 23 percent compared to 2010, and our Lost Time Incident rate decreased 11 percent. (See the table on p. 1 to view our safety data over time.)

COMMUNITY

Philanthropy is an essential part of who we are and what we do. We look for ways to make a difference in the communities where we operate and where our employees live and work. We focus on areas where we can best make a meaningful impact, especially breakfast programs, nutrition and malnutrition. See p. 1 for our total contributions over time; highlights from 2011 are below.

2011 PHILANTHROPY HIGHLIGHTS

Contributed a total of more than **\$38 million** in cash and products to organizations around the world.



Provided products for food banks all over the globe, and began donating to food banks in Denmark for the first time.

Pledged **\$6.7 million** through employee gifts and company matching grants to support United Way campaigns in the U.S. and Canada.



Made donations in excess of **\$1.5 million** toward disaster relief efforts in the U.S. and internationally.

BREAKFAST CLUBS



Given our passion for breakfast and its nutritional benefits, it's not surprising that we focus a lot of our community work on breakfast initiatives for children in need. In particular, we support and promote "breakfast clubs" that provide morning meals to children in countries where government-sponsored breakfast programs do not exist. Around the world, we support or have helped to launch breakfast programs in many countries, including the U.S., U.K., Australia, Belgium, Germany, Ireland, New Zealand, Spain and Sweden, among others.

BE A GOOD COOKIE



Historically, the American Red Cross has served a cookie to every blood donor as a way to say thank you – and to replenish the body following a blood donation. In 2011, our Keebler® brand launched the "Be a Good Cookie" campaign, through which they will donate 6 million cookies a year for the Red Cross to share with blood donors. Keebler® will be the official cookie at every Red Cross blood collection operation in the U.S. through at least 2013. The Keebler® donation means the Red Cross can redirect millions of dollars each year that previously would have been used to buy cookies to better fulfill its mission.

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