UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the quarterly period ended July 01, 2023

OR

☐ **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

State of Incorporation— Delaware IRS Employer Identification No. 38-0710690

One Kellogg Square, P.O. Box 3599, Battle Creek, MI 49016-3599

Registrant's telephone number: 269-961-2000

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $.25 par value per share	K	New York Stock Exchange
1.000% Senior Notes due 2024	K 24	New York Stock Exchange
1.250% Senior Notes due 2025	K 25	New York Stock Exchange
0.500% Senior Notes due 2029	K 29	New York Stock Exchange

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐ 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 Exchange Act).

Yes ☐ No ☒

Common Stock outstanding as of July 1, 2023 — 342,346,679 shares

KELLOGG COMPANY

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Part I – FINANCIAL INFORMATION

Item 1. Financial Statements.
Kellogg Company and Subsidiaries
CONSOLIDATED BALANCE SHEET
(millions, except per share data)

	July 1, 2023	December 31, 2022
Current assets		
Cash and cash equivalents	$ 308	$ 299
Accounts receivable, net	1,930	1,736
Inventories	1,706	1,768
Other current assets	344	383
Total current assets	4,288	4,186
Property, net	3,781	3,789
Operating lease right-of-use assets	607	617
Goodwill	5,517	5,686
Other intangibles, net	2,091	2,296
Investments in unconsolidated entities	323	432
Other assets	1,494	1,490
Total assets	$ 18,101	$ 18,496
Current liabilities		
Current maturities of long-term debt	$ 1,199	$ 780
Notes payable	461	467
Accounts payable	2,810	2,973
Current operating lease liabilities	114	121
Accrued advertising and promotion	850	766
Accrued salaries and wages	243	370
Other current liabilities	799	872
Total current liabilities	6,476	6,349
Long-term debt	5,078	5,317
Operating lease liabilities	478	486
Deferred income taxes	659	760
Pension liability	712	709
Other liabilities	477	500
Commitments and contingencies		
Equity		
Common stock, $.25 par value	105	105
Capital in excess of par value	1,056	1,068
Retained earnings	9,447	9,197
Treasury stock, at cost	(4,700)	(4,721)
Accumulated other comprehensive income (loss)	(1,943)	(1,708)
Total Kellogg Company equity	3,965	3,941
Noncontrolling interests	256	434
Total equity	4,221	4,375
Total liabilities and equity	$ 18,101	$ 18,496

See accompanying Notes to Consolidated Financial Statements.

Kellogg Company and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME
(millions, except per share data)

(unaudited)	Quarter ended July 1, 2023	Quarter ended July 2, 2022	Year-to-date period ended July 1, 2023	Year-to-date period ended July 2, 2022
Net sales	**$ 4,041**	$ 3,864	**$ 8,094**	$ 7,536
Cost of goods sold	**2,708**	2,721	**5,551**	5,234
Selling, general and administrative expense	**824**	728	**1,594**	1,370
Operating profit	**509**	415	**949**	932
Interest expense	**82**	54	**162**	110
Other income (expense), net	**36**	60	**62**	134
Income before income taxes	**463**	421	**849**	956
Income taxes	**104**	97	**190**	209
Earnings (loss) from unconsolidated entities	**3**	2	**5**	3
Net income	**362**	326	**664**	750
Net income (loss) attributable to noncontrolling interests	**5**	—	**9**	2
Net income attributable to Kellogg Company	**$ 357**	$ 326	**$ 655**	$ 748
Per share amounts:				
Basic earnings	**$ 1.04**	$ 0.96	**$ 1.91**	$ 2.20
Diluted earnings	**$ 1.03**	$ 0.95	**$ 1.90**	$ 2.19
Average shares outstanding:				
Basic	**343**	339	**342**	340
Diluted	**345**	342	**345**	342
Actual shares outstanding at period end			**342**	340

See accompanying Notes to Consolidated Financial Statements.

Kellogg Company and Subsidiaries
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(millions)

(unaudited)	Quarter ended July 1, 2023 Pre-tax amount	Tax (expense) benefit	After-tax amount	Year-to-date period ended July 1, 2023 Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			**$ 362**			**$ 664**
Other comprehensive income (loss):						
Foreign currency translation adjustments:						
Foreign currency translation adjustments during period	**$ (383)**	**$ (1)**	**(384)**	**$ (341)**	**$ 2**	**(339)**
Net investment hedges:						
Net investment hedges gain (loss)	**(37)**	**7**	**(30)**	**(94)**	**22**	**(72)**
Cash flow hedges:						
Net deferred gain (loss) on cash flow hedges	**15**	**(4)**	**11**	**(3)**	**1**	**(2)**
Reclassification to net income	**2**	**—**	**2**	**5**	**(1)**	**4**
Postretirement and postemployment benefits:						
Reclassification to net income:						
Net experience (gain) loss	**—**	**—**	**—**	**(1)**	**—**	**(1)**
Available-for-sale securities:						
Unrealized gain (loss)	**—**	**—**	**—**	**1**	**—**	**1**
Other comprehensive income (loss)	**$ (403)**	**$ 2**	**$ (401)**	**$ (433)**	**$ 24**	**$ (409)**
Comprehensive income			**$ (39)**			**$ 255**
Net Income attributable to noncontrolling interests			**5**			**9**
Other comprehensive income (loss) attributable to noncontrolling interests			**(171)**			**(174)**
Comprehensive income attributable to Kellogg Company			**$ 127**			**$ 420**

(unaudited)	Quarter ended July 2, 2022 Pre-tax amount	Tax (expense) benefit	After-tax amount	Year-to-date period ended July 2, 2022 Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income			$ 326			$ 750
Other comprehensive income (loss):						
Foreign currency translation adjustments:						
Foreign currency translation adjustments during period	$ (243)	$ 1	(242)	$ (260)	$ 2	(258)
Net investment hedges:						
Net investment hedges gain (loss)	255	(67)	188	356	(94)	262
Cash flow hedges:						
Net deferred gain (loss) on cash flow hedges	74	(20)	54	151	(40)	111
Reclassification to net income	4	(1)	3	8	(2)	6
Postretirement and postemployment benefits:						
Reclassification to net income:						
Net experience (gain) loss	(1)	1	—	(2)	1	(1)
Available-for-sale securities:						
Unrealized gain (loss)	(1)	—	(1)	(4)	—	(4)
Other comprehensive income (loss)	$ 88	$ (86)	$ 2	$ 249	$ (133)	$ 116
Comprehensive income			$ 328			$ 866
Net Income attributable to noncontrolling interests			—			2
Other comprehensive income (loss) attributable to noncontrolling interests			(8)			(4)
Comprehensive income attributable to Kellogg Company			$ 336			$ 868

See accompanying Notes to Consolidated Financial Statements.

Kellogg Company and Subsidiaries
CONSOLIDATED STATEMENT OF EQUITY
(millions)

	Quarter ended July 1, 2023									
	Common stock		Capital in excess of par value	Retained earnings	Treasury stock		Accumulated other comprehensive income (loss)	Total Kellogg Company equity	Non-controlling interests	Total equity
(unaudited)	shares	amount			shares	amount				
Balance, April 1, 2023	**421**	**$ 105**	**$ 1,033**	**$ 9,293**	**78**	**$ (4,666)**	**$ (1,713)**	**$ 4,052**	**$ 427**	**$ 4,479**
Common stock repurchases					**1**	**(60)**		**(60)**		**(60)**
Net income				**357**				**357**	**5**	**362**
Dividends declared ($0.59 per share)				**(202)**				**(202)**		**(202)**
Distributions to noncontrolling interest								**—**	**(5)**	**(5)**
Other comprehensive income (loss)							**(230)**	**(230)**	**(171)**	**(401)**
Stock compensation			**21**					**21**		**21**
Stock options exercised, issuance of other stock awards and other			**2**	**(1)**	**—**	**26**		**27**		**27**
Balance, July 1, 2023	**421**	**$ 105**	**$ 1,056**	**$ 9,447**	**79**	**$ (4,700)**	**$ (1,943)**	**$ 3,965**	**$ 256**	**$ 4,221**

	Year-to-date period ended July 1, 2023									
	Common stock		Capital in excess of par value	Retained earnings	Treasury stock		Accumulated other comprehensive income (loss)	Total Kellogg Company equity	Non-controlling interests	Total equity
(unaudited)	shares	amount			shares	amount				
Balance, December 31, 2022	**421**	**$ 105**	**$ 1,068**	**$ 9,197**	**79**	**$ (4,721)**	**$ (1,708)**	**$ 3,941**	**$ 434**	**$ 4,375**
Common stock repurchases					**1**	**(60)**		**(60)**		**(60)**
Net income				**655**				**655**	**9**	**664**
Dividends declared ($1.18 per share)				**(404)**				**(404)**		**(404)**
Distributions to noncontrolling interest								**—**	**(13)**	**(13)**
Other comprehensive income (loss)							**(235)**	**(235)**	**(174)**	**(409)**
Stock compensation			**43**					**43**		**43**
Stock options exercised, issuance of other stock awards and other			**(55)**	**(1)**	**(1)**	**81**		**25**		**25**
Balance, July 1, 2023	**421**	**$ 105**	**$ 1,056**	**$ 9,447**	**79**	**$ (4,700)**	**$ (1,943)**	**$ 3,965**	**$ 256**	**$ 4,221**

See accompanying Notes to Consolidated Financial Statements.

Kellogg Company and Subsidiaries
CONSOLIDATED STATEMENT OF EQUITY (cont.)
(millions)

(unaudited)	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
Quarter ended July 2, 2022										
Balance, April 2, 2022	421	$ 105	$ 993	$ 9,254	83	$ (4,946)	$ (1,611)	$ 3,795	$ 500	$ 4,295
Net income				326				326	—	326
Dividends declared ($0.58 per share)				(197)				(197)		(197)
Distributions to noncontrolling interest								—	(16)	(16)
Other comprehensive income							10	10	(8)	2
Stock compensation			19					19		19
Stock options exercised and other			(4)	4	(2)	129		129		129
Balance, July 2, 2022	421	$ 105	$ 1,008	$ 9,387	81	$ (4,817)	$ (1,601)	$ 4,082	$ 476	$ 4,558

(unaudited)	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
Year-to-date period ended July 2, 2022										
Balance, January 1, 2022	421	$ 105	$ 1,023	$ 9,028	80	$ (4,715)	$ (1,721)	$ 3,720	$ 495	$ 4,215
Common stock repurchases					5	(300)		(300)		(300)
Net income				748				748	2	750
Dividends declared ($1.16 per share)				(394)				(394)		(394)
Distributions to noncontrolling interest								—	(17)	(17)
Other comprehensive income							120	120	(4)	116
Stock compensation			35					35		35
Stock options exercised and other			(50)	5	(4)	198		153		153
Balance, July 2, 2022	421	$ 105	$ 1,008	$ 9,387	81	$ (4,817)	$ (1,601)	$ 4,082	$ 476	$ 4,558

See accompanying Notes to Consolidated Financial Statements.

Kellogg Company and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
(millions)

	Year-to-date period ended	
(unaudited)	**July 1, 2023**	July 2, 2022
Operating activities		
Net income	**$ 664**	$ 750
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	**226**	238
Postretirement benefit plan expense (benefit)	**(32)**	(137)
Deferred income taxes	**(9)**	32
Stock compensation	**43**	35
Other	**(10)**	8
Postretirement benefit plan contributions	**(11)**	(12)
Changes in operating assets and liabilities, net of acquisitions:		
Trade receivables	**(193)**	(343)
Inventories	**17**	(306)
Accounts payable	**(39)**	468
All other current assets and liabilities	**(12)**	72
Net cash provided by (used in) operating activities	**644**	805
Investing activities		
Additions to properties	**(339)**	(267)
Issuance of notes receivable	**(4)**	—
Repayments from notes receivable	**—**	10
Purchases of available for sale securities	**(9)**	(10)
Sales of available for sale securities	**10**	9
Settlement of net investment hedges	**17**	37
Collateral paid on derivatives	**(18)**	(103)
Other	**(1)**	6
Net cash provided by (used in) investing activities	**(344)**	(318)
Financing activities		
Net issuances (reductions) of notes payable	**(7)**	183
Issuances of long-term debt	**401**	—
Reductions of long-term debt	**(221)**	(28)
Net issuances of common stock	**45**	173
Common stock repurchases	**(60)**	(300)
Cash dividends	**(404)**	(394)
Other	**(53)**	(17)
Net cash provided by (used in) financing activities	**(299)**	(383)
Effect of exchange rate changes on cash and cash equivalents	**8**	(67)
Increase (decrease) in cash and cash equivalents	**9**	37
Cash and cash equivalents at beginning of period	**299**	286
Cash and cash equivalents at end of period	**$ 308**	$ 323
Supplemental cash flow disclosures of non-cash investing activities:		
Additions to properties included in accounts payable	**$ 98**	$ 48

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements
for the quarter ended July 1, 2023 (unaudited)

Note 1 Accounting policies

Basis of presentation

The unaudited interim financial information of Kellogg Company (the Company) included in this report reflects all adjustments, all of which are of a normal and recurring nature, that management believes are necessary for a fair statement of the results of operations, comprehensive income, financial position, equity and cash flows for the periods presented. This interim information should be read in conjunction with the financial statements and accompanying footnotes within the Company's 2022 Annual Report on Form 10-K.

The balance sheet information at December 31, 2022 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. The results of operations for the quarter ended July 1, 2023 are not necessarily indicative of the results to be expected for other interim periods or the full year.

Accounts payable - Supplier Finance Programs

The Company establishes competitive market-based terms with our suppliers, regardless of whether they participate in supplier finance programs, which generally range from 0 to 150 days dependent on their respective industry and geography.

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 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. The payment of these obligations by the Company is included in cash used in operating activities in the Consolidated Statement of Cash Flows. As of July 1, 2023, $1.1 billion of the Company's outstanding payment obligations had been placed in the accounts payable tracking system. As of December 31, 2022, $1.1 billion of the Company's outstanding payment obligations had been placed in the accounts payable tracking system.

Accounting standards adopted in the period

Supplier Finance Programs: Disclosure of Supplier Finance Program Obligations. In September 2022, the FASB issued an ASU to improve the disclosures of supplier finance programs. Specifically, the ASU requires disclosure of key terms of the supplier finance programs and a rollforward of the related obligations. The amendments in this ASU do not affect the recognition, measurement, or financial statement presentation of obligations covered by supplier finance programs. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company has historically presented information regarding the nature and amount of outstanding Accounts Payable obligations confirmed into supplier finance programs within the Accounting Policies note of the financial statements. The Company adopted the ASU in the first quarter of 2023 and plans to include the rollforward information in the first quarter of 2024.

Note 2 Proposed separation transaction
During 2022, the Company announced its intent to separate its North American cereal business, via tax-free spin-off, with a target to complete the transaction during the fourth quarter of 2023, resulting in two independent public companies, each better positioned to unlock their full standalone potential.
The transaction will follow the satisfaction of customary conditions, including reviews and final approval by Kellogg's Board of Directors, receipt of an Internal Revenue Service ruling and relevant tax opinions with respect to the tax-free nature of the transaction, effectiveness of appropriate filings with the U.S. Securities and Exchange Commission, and the completion of audited financials of the new independent company. We cannot assure that the North American cereal transaction will be completed on the anticipated timeline or at all or that the terms of the separation will not change.

The Company incurred pre-tax charges related to the proposed separation of $77 million and $128 million for the quarter and year-to-date period ended July 1, 2023, respectively, including $14 million and $18 million recorded in COGS, respectively, and $63 million and $110 million recorded in SG&A, respectively. The Company incurred pre-tax charges of $4 million for the quarter and year-to-date period ended July 2, 2022, all of which were recorded in SG&A. These charges were primarily related to legal and consulting costs.

Note 3 Sale of accounts receivable
The Company has a program in which a discrete group of customers are allowed to extend their payment terms in exchange for the elimination of early payment discounts (Extended Terms Program).

The Company has two Receivable Sales Agreements (Monetization Programs) 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 Monetization Programs sell, on a revolving basis, certain trade accounts receivable invoices to third party financial institutions. Transfers under these agreements are accounted for as sales of receivables resulting in the receivables being de-recognized from the Consolidated Balance Sheet. The Monetization Programs provide 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 approximately $1.1 billion. During 2023 the Company amended the agreements to increase the previous maximum receivables sold limit from approximately $920 million as of December 31, 2022.

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 July 1, 2023 and December 31, 2022 for these agreements as the fair value of these servicing arrangements as well as the fees earned were not material to the financial statements.

Accounts receivable sold of $999 million and $865 million remained outstanding under these arrangements as of July 1, 2023 and December 31, 2022, respectively. The proceeds from these sales of receivables are included in cash from operating activities in the Consolidated Statement of Cash Flows in the period of sale. The recorded net loss on sale of receivables was $15 million and $27 million for the quarter and year-to-date period ended July 1, 2023, respectively and was $3 million and $5 million for the quarter and year-to-date period ended July 2, 2022. The recorded loss is included in Other income and expense, net (OIE).

Other programs
Additionally, from time to time certain of the Company's foreign subsidiaries will transfer, without recourse, accounts receivable invoices 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. Accounts receivable sold of $8 million and $31 million remained outstanding under these programs as of July 1, 2023 and December 31, 2022, respectively. The proceeds from these sales of receivables are included in cash from operating activities in the Consolidated Statement of Cash Flows in the period of sale. The recorded net loss on the sale of these receivables is included in OIE and is not material.

Note 4 Divestiture

Russia
In December 2022 the Company entered into an agreement to sell our Russian business to a third party, pending a number of local government regulatory approvals. The business is a part of our Europe reportable segment. The sale includes the entirety of the Company's operations in Russia and will result in a complete exit from the market. As of July 1, 2023, the pending sale did not meet the criteria for held for sale accounting due to uncertainty related to the evolving Russian regulatory approvals required to sell a business in Russia. The net value of assets and CTA losses collectively represent less than 1% of total Company assets as of July 1, 2023. The Kellogg business in Russia represents approximately 1% of consolidated Kellogg Company net sales.

Subsequent to July 1, 2023, the Company cleared all regulatory approvals, received the related cash consideration and completed the sale of the Russian business. As a result of completing the transaction, the Company will derecognize net assets of approximately $63 million and record a non-cash loss on the transaction of approximately $112 million, primarily related to the release of historical currency translation adjustments, in the third quarter of 2023.

Note 5 Investments in unconsolidated entities
The Company holds a 50% ownership interest in Tolaram Africa Foods, PTE LTD (TAF), a holding company with a 49% interest in Dufil Prima Foods, Plc, a food manufacturer in West Africa. The investment in TAF is accounted for under the equity method of accounting and is evaluated for indicators of other than temporary impairment. The company records the activity of TAF on a one-month lag due to the timing required to obtain the financial statements from TAF management.

During the second quarter of 2023, the Company recorded an out-of-period adjustment to correct an error in the foreign currency translation of its investment in TAF. The adjustment decreased investments in unconsolidated entities and increased other comprehensive loss by $113 million, respectively. We determined the adjustment to be immaterial to our Consolidated Financial Statements for the quarter and year to date periods ended July 1, 2023 and related prior annual and quarterly periods.

Due to the devaluation of the Naira in June 2023 and the accounting method used by the Company to record the results of operations of TAF on a one-month-lag, the Company expects to record additional foreign currency translation adjustments on the value of the TAF investment during the third quarter of 2023. Based on the foreign currency exchange rates at the end of June 2023, the adjustment is expected to result in translation losses of approximately $120 million through other comprehensive income.

Note 6 Equity
Earnings per share
Basic earnings per share is determined by dividing net income 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 certain contingently issuable performance shares. There were approximately 4 million anti-dilutive potential common shares excluded from the calculation for the quarter and year-to-date periods ended July 1, 2023. There were approximately 4 million and 6 million anti-dilutive potential common shares excluded from the calculation for the quarter and year-to-date periods ended July 2, 2022. Please refer to the Consolidated Statement of Income for basic and diluted earnings per share for the quarters ended July 1, 2023 and July 2, 2022.

Share repurchases
In December 2022, the Board of Directors approved an authorization to repurchase up to $1.5 billion of our common stock through December 2025. During the quarter and year-to-date periods ended July 1, 2023, the Company repurchased approximately 1 million shares of common stock for a total of $60 million. During the year-to-date period ended July 2, 2022, the Company repurchased approximately 5 million shares of common stock for a total of $300 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 consists of foreign currency translation adjustments, fair value adjustments associated with cash flow hedges, which are recorded in interest expense within the statement of income, upon reclassification from Accumulated Other Comprehensive Income (AOCI), adjustments for net experience gains (losses), prior service credit (costs) related to employee benefit plans and adjustments for unrealized (gains) losses on available-for-sale securities, which are recorded in other income (expense) within the statement of income, upon reclassification from AOCI. The related tax effects of these items are recorded in income tax expense within the statement of income, upon reclassification from AOCI.

Accumulated other comprehensive income (loss), net of tax, as of July 1, 2023 and December 31, 2022 consisted of the following:

(millions)		**July 1, 2023**		December 31, 2022
Foreign currency translation adjustments	**$**	**(2,276)**	$	(2,111)
Net investment hedges gain (loss)		**210**		282
Cash flow hedges — net deferred gain (loss)		**152**		150
Postretirement and postemployment benefits:				
Net experience gain (loss)		**1**		2
Prior service credit (cost)		**(27)**		(27)
Available-for-sale securities unrealized net gain (loss)		**(3)**		(4)
Total accumulated other comprehensive income (loss)	**$**	**(1,943)**	$	(1,708)

Note 7 Long-term debt

During the first quarter of 2023, the Company issued $400 million of ten-year 5.25% Notes due 2033, resulting in net proceeds after discount and underwriting commissions of $396 million. The proceeds from these notes were used for general corporate purposes, including the payment of offering related fees and expenses, repayment of the $210 million 2.75% Notes when they matured on March 1, 2023, and repayment of a portion of commercial paper borrowings. The 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, as well as a change of control provision.

In connection with the debt issuance, the Company terminated forward starting interest rate swaps with notional amounts totaling $400 million, resulting in a gain of $47 million in the first quarter of 2023. These derivatives were accounted for as cash flow hedges. The total net gain of $91 million, including those realized in prior periods, were recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the Notes. The effective interest rate on the Notes, reflecting issuance discount and hedge settlement is 3.06% at July 1, 2023.

Note 8 Employee benefits

The Company sponsors a number of U.S. and foreign pension plans as well as other nonpension postretirement and postemployment plans to provide various benefits for its employees. These plans are described within the footnotes to the Consolidated Financial Statements included in the Company's 2022 Annual Report on Form 10-K. Components of Company benefit plan (income) expense for the periods presented are included in the tables below. Excluding the service cost component, these amounts are included within Other income (expense) in the Consolidated Statement of Income.

Pension

(millions)	Quarter ended July 1, 2023	Quarter ended July 2, 2022	Year-to-date period ended July 1, 2023	Year-to-date period ended July 2, 2022
Service cost	**$ 6**	$ 8	**$ 12**	$ 17
Interest cost	**44**	28	**88**	57
Expected return on plan assets	**(54)**	(72)	**(107)**	(143)
Amortization of unrecognized prior service cost	**3**	3	**5**	5
Recognized net gain	**—**	(10)	**—**	(31)
Total pension income	**$ (1)**	$ (43)	**$ (2)**	$ (95)

Other nonpension postretirement

(millions)	Quarter ended July 1, 2023	Quarter ended July 2, 2022	Year-to-date period ended July 1, 2023	Year-to-date period ended July 2, 2022
Service cost	**$ 1**	$ 3	**$ 3**	$ 6
Interest cost	**10**	6	**20**	12
Expected return on plan assets	**(24)**	(27)	**(48)**	(55)
Amortization of unrecognized prior service cost	**(3)**	(3)	**(5)**	(5)
Total postretirement benefit income	**$ (16)**	$ (21)	**$ (30)**	$ (42)

Postemployment

(millions)	Quarter ended July 1, 2023	Quarter ended July 2, 2022	Year-to-date period ended July 1, 2023	Year-to-date period ended July 2, 2022
Service cost	**$ —**	$ 1	**$ 1**	$ 2
Interest cost	**1**	—	**1**	—
Recognized net experience gain	**—**	(1)	**(1)**	(2)
Total postemployment expense	**$ 1**	$ —	**$ 1**	$ —

For the quarter and year-to-date periods ended July 2, 2022, the Company recognized a gain of $10 million and $31 million, respectively, related to the remeasurement of two U.S. pension plans. These remeasurements were the result of distributions that exceeded service and interest costs resulting in settlement accounting for those specific plans. The remeasurements recognized were due primarily to an increase in the discount rate relative to the previous remeasurement date partially offset by lower than expected return on plan assets.

In May 2023, the Company purchased a group annuity to cover pension benefit obligations of certain participants of the United Kingdom defined benefit pension plan for approximately $590 million. This transaction represents an annuity buy-in, under which the Company retains both the fair value of the annuity contract (within plan assets) and the pension benefit obligation related to these participants.

Company contributions to employee benefit plans are summarized as follows:

(millions)	**Pension**	**Nonpension postretirement**	**Total**
Quarter ended:			
July 1, 2023	**$ —**	**$ 6**	**$ 6**
July 2, 2022	$ —	$ 5	$ 5
Year-to-date period ended:			
July 1, 2023	**$ —**	**$ 11**	**$ 11**
July 2, 2022	$ 1	$ 11	$ 12
Full year:			
Fiscal year 2023 (projected)	**$ 5**	**$ 21**	**$ 26**
Fiscal year 2022 (actual)	$ 3	$ 20	$ 23

Plan funding strategies may be modified in response to management's evaluation of tax deductibility, market conditions, and competing investment alternatives.

Note 9 Income taxes

The consolidated effective tax rate for the quarters ended July 1, 2023 and July 2, 2022 was 22% and 23%, respectively. The consolidated effective tax rates for the year-to-date periods ended July 1, 2023 and July 2, 2022 was 22%.

As of July 1, 2023, the Company classified $14 million of unrecognized tax benefits as a net current tax liability. Management's estimate of reasonably possible changes in unrecognized tax benefits during the next twelve months consists of the current liability expected to be settled within one year, offset by approximately $3 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.

The Company’s total gross unrecognized tax benefits as of July 1, 2023 was $35 million. Of this balance, $29 million represents the amount that, if recognized, would affect the Company’s effective income tax rate in future periods.

The accrual balance for tax-related interest was approximately $7 million at July 1, 2023.

Note 10 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 and nonderivative financial instruments 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.

The Company designates derivatives and nonderivative hedging instruments 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.

Derivative instruments are classified on the Consolidated Balance Sheet based on the contractual maturity of the instrument or the timing of the underlying cash flows of the instrument for derivatives with contractual maturities beyond one year. Any collateral associated with derivative instruments is classified as other assets or other current liabilities on the Consolidated Balance Sheet depending on whether the counterparty collateral is in an asset or liability position. Margin deposits related to exchange-traded commodities are recorded in accounts receivable, net on the Consolidated Balance Sheet. On the Consolidated Statement of Cash Flows, cash flows associated with derivative instruments are classified according to the nature of the underlying hedged item. Cash flows associated with collateral and margin deposits on exchange-traded commodities are classified as investing cash flows when the collateral account is in an asset position and as financing cash flows when the collateral account is in a liability position.

Total notional amounts of the Company’s derivative instruments as of July 1, 2023 and December 31, 2022 were as follows:

(millions)	**July 1, 2023**	December 31, 2022
Foreign currency exchange contracts	**$ 3,042**	$ 2,502
Cross-currency contracts	**2,029**	1,983
Interest rate contracts	**2,276**	2,657
Commodity contracts	**436**	230
Total	**$ 7,783**	$ 7,372

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 July 1, 2023 and December 31, 2022, 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, cross-currency 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. Cross-currency contracts are valued based on changes in the spot rate at the time of valuation compared to the spot rate at the time of execution, as well as the change in the interest differential between the two currencies. 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 July 1, 2023 or December 31, 2022.

The following table presents assets and liabilities that were measured at fair value in the Consolidated Balance Sheet on a recurring basis as of July 1, 2023 and December 31, 2022:

Derivatives designated as hedging instruments

	July 1, 2023			December 31, 2022		
(millions)	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
Assets:						
Cross-currency contracts:						
Other current assets	**$ —**	**$ 42**	**$ 42**	$ —	$ 88	$ 88
Other assets	**—**	**16**	**16**	—	36	36
Interest rate contracts:						
Other current assets	**—**	**—**	**—**	—	45	45
Other assets	**—**	**—**	**—**	—	25	25
Total assets	**$ —**	**$ 58**	**$ 58**	$ —	$ 194	$ 194
Liabilities:						
Cross-currency contracts:						
Other current liabilities	**$ —**	**$ (11)**	**$ (11)**	$ —	$ —	$ —
Other liabilities	**—**	**—**	**—**	—	—	—
Interest rate contracts(a):						
Other current liabilities	**—**	**(27)**	**(27)**	—	—	—
Other liabilities	**—**	**(57)**	**(57)**	—	(86)	(86)
Total liabilities	**$ —**	**$ (95)**	**$ (95)**	$ —	$ (86)	$ (86)

(a) The fair value of the related hedged portion of the Company's long-term debt, a level 2 liability, was $1.1 billion as of July 1, 2023 and December 31, 2022, respectively.

Derivatives not designated as hedging instruments

(millions)	July 1, 2023 Level 1	July 1, 2023 Level 2	July 1, 2023 Total	December 31, 2022 Level 1	December 31, 2022 Level 2	December 31, 2022 Total
Assets:						
Foreign currency exchange contracts:						
Other current assets	$ —	$ 60	$ 60	$ —	$ 74	$ 74
Other assets	—	13	13	—	14	14
Interest rate contracts:						
Other current assets	—	9	9	—	4	4
Other assets	—	15	15	—	14	14
Commodity contracts:						
Other current assets	9	—	9	4	—	4
Total assets	$ 9	$ 97	$ 106	$ 4	$ 106	$ 110
Liabilities:						
Foreign currency exchange contracts:						
Other current liabilities	$ —	$ (59)	$ (59)	$ —	$ (50)	$ (50)
Other liabilities	—	(14)	(14)	—	(9)	(9)
Interest rate contracts:						
Other current liabilities	—	(11)	(11)	—	(7)	(7)
Other liabilities	—	(18)	(18)	—	(18)	(18)
Commodity contracts:						
Other current liabilities	(22)	—	(22)	(2)	—	(2)
Total liabilities	$ (22)	$ (102)	$ (124)	$ (2)	$ (84)	$ (86)

The Company has designated its outstanding foreign currency denominated 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, including current and long-term, was approximately $1.6 billion as of July 1, 2023 and December 31, 2022, respectively.

The following amounts were recorded on the Consolidated Balance Sheet related to cumulative basis adjustments for existing fair value hedges as of July 1, 2023 and December 31, 2022.

(millions)	Line Item in the Consolidated Balance Sheet in which the hedged item is included	Carrying amount of the hedged liabilities		Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged liabilities (a)	
		July 1, 2023	December 31, 2022	July 1, 2023	December 31, 2022
Interest rate contracts	Current maturities of long-term debt	$ 909	$ 483	$ 4	$ (3)
Interest rate contracts	Long-term debt	$ 1,646	$ 2,250	$ (53)	$ (74)

(a) The fair value adjustment related to current maturities of long-term debt includes $4 million and ($3) million from discontinued hedging relationships as of July 1, 2023 and December 31, 2022, respectively. The fair value adjustment related to long-term debt includes $4 million and $13 million from discontinued hedging relationships as of July 1, 2023 and December 31, 2022, 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 July 1, 2023 and December 31, 2022 would be adjusted as detailed in the following table:

As of July 1, 2023:		**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	**$ 164**	**$ (150)**	**$ —**	**$ 14**
Total liability derivatives	**$ (219)**	**$ 150**	**$ 51**	**$ (18)**

As of December 31, 2022:		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	$ 304	$ (153)	$ (33)	$ 118
Total liability derivatives	$ (172)	$ 153	$ 19	$ —

During the year-to-date periods ended July 1, 2023 and July 2, 2022, the Company settled certain interest rate contracts resulting in a net realized gain of approximately $71 million and $82 million, respectively. These derivatives were accounted for as cash flow hedges and the related net gains were recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the related forecasted fixed rate debt, once issued.

During the year-to-date periods ended July 1, 2023 and July 2, 2022, the Company settled certain cross currency swaps resulting in a net realized gain of approximately $17 million and $37 million, respectively. These cross currency swaps were accounted for as net investment hedges and the related net gain was recorded in accumulated other comprehensive income.

The effect of derivative instruments on the Consolidated Statements of Income and Comprehensive Income for the quarters ended July 1, 2023 and July 2, 2022 was as follows:

Derivatives and non-derivatives in net investment hedging relationships

(millions)	Gain (loss) recognized in AOCI		Gain (loss) excluded from assessment of hedge effectiveness		Location of gain (loss) in income of excluded component
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022	
Foreign currency denominated long-term debt	**$ (2)**	$ 134	**$ —**	$ —	
Cross-currency contracts	**(35)**	121	**14**	11	Interest expense
Total	**$ (37)**	$ 255	**$ 14**	$ 11	

Derivatives not designated as hedging instruments

(millions)	Location of gain (loss) recognized in income	Gain (loss) recognized in income	
		July 1, 2023	July 2, 2022
Foreign currency exchange contracts	COGS	**$ (8)**	$ 32
Foreign currency exchange contracts	Other income (expense), net	**(6)**	(7)
Foreign currency exchange contracts	SG&A	**(3)**	4
Interest rate contracts	Interest expense	**—**	1
Commodity contracts	COGS	**(24)**	(78)
Total		**$ (41)**	$ (48)

The effect of derivative instruments on the Consolidated Statements of Income and Comprehensive Income for the year-to-date periods ended July 1, 2023 and July 2, 2022 was as follows:

Derivatives and non-derivatives in net investment hedging relationships

(millions)	Gain (loss) recognized in AOCI		Gain (loss) excluded from assessment of hedge effectiveness		Location of gain (loss) in income of excluded component
	July 1, 2023	July 2, 2022	**July 1, 2023**	July 2, 2022	
Foreign currency denominated long-term debt	**$ (34)**	$ 202	**$ —**	$ —	
Cross-currency contracts	**(60)**	154	**28**	17	Interest expense
Total	**$ (94)**	$ 356	**$ 28**	$ 17	

Derivatives not designated as hedging instruments

(millions)	Location of gain (loss) recognized in income	Gain (loss) recognized in income	
		July 1, 2023	July 2, 2022
Foreign currency exchange contracts	COGS	**$ (14)**	$ 20
Foreign currency exchange contracts	Other income (expense), net	**(10)**	(9)
Foreign currency exchange contracts	SGA	**(5)**	5
Interest rate contracts	Interest expense	**—**	2
Commodity contracts	COGS	**(63)**	34
Total		**$ (92)**	$ 52

The effect of fair value and cash flow hedge accounting on the Consolidated Income Statement for the quarters ended July 1, 2023 and July 2, 2022:

	July 1, 2023	July 2, 2022
(millions)	**Interest Expense**	Interest Expense
Total amounts of income and expense line items presented in the Consolidated Income Statement in which the effects of fair value or cash flow hedges are recorded	**$ 82**	$ 54
Gain (loss) on fair value hedging relationships:		
Interest contracts:		
Hedged items	**8**	13
Derivatives designated as hedging instruments	**(7)**	(11)
Gain (loss) on cash flow hedging relationships:		
Interest contracts:		
Amount of gain (loss) reclassified from AOCI into income	**(2)**	(4)

The effect of fair value and cash flow hedge accounting on the Consolidated Income Statement for the year-to-date periods ended July 1, 2023 and July 2, 2022:

	July 1, 2023	July 2, 2022
(millions)	Interest Expense	Interest Expense
Total amounts of income and expense line items presented in the Consolidated Income Statement in which the effects of fair value or cash flow hedges are recorded	**$ 162**	$ 110
Gain (loss) on fair value hedging relationships:		
Interest contracts:		
Hedged items	**(4)**	54
Derivatives designated as hedging instruments	**6**	(51)
Gain (loss) on cash flow hedging relationships:		
Interest contracts:		
Amount of gain (loss) reclassified from AOCI into income	**(5)**	(8)

During the next 12 months, the Company expects $10 million of net deferred losses reported in AOCI at July 1, 2023 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 when the value exceeds certain thresholds with each counterparty. In addition, certain derivative instruments contain provisions that would be triggered in the event the Company defaults on its debt agreements. The collateral posting requirements as of July 1, 2023, triggered by threshold contingent features was not material.

Other fair value measurements

Available for sale securities

	July 1, 2023			December 31, 2022		
(millions)	Cost	Unrealized Gain (Loss)	Market Value	Cost	Unrealized Gain (Loss)	Market Value
Corporate bonds	**$ 51**	**$ (4)**	**$ 47**	$ 52	$ (5)	$ 47

During the year-to-date period ended July 1, 2023, the Company sold approximately $10 million of investments in level 2 corporate bonds. The resulting loss was less than $1 million and recorded in Other income and (expense). Also during the year-to-date period ended July 1, 2023, the Company purchased approximately $9 million in level 2 corporate bonds. During the year-to-date period ended July 2, 2022, the Company sold level 2 corporate bonds for approximately $9 million. The resulting loss was less than $1 million and recorded in Other income and (expense). Also during the year-to-date period ended July 2, 2022, the Company purchased approximately $10 million in level 2 corporate bonds.

The market values of the Company's investments in level 2 corporate bonds are based on matrices or models from pricing vendors. Unrealized gains and losses are included in the Consolidated Statement of Comprehensive Income. Additionally, these investments are recorded within Other current assets and Other assets on the Consolidated Balance Sheet, based on the maturity of the individual security. The maturity dates of the securities range from 2024 to 2036.

The Company reviews its investment portfolio for any unrealized losses that would be deemed other-than-temporary and requires the recognition of an impairment loss in earnings. If the cost of an investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than its cost, the Company's intent to hold the investment, and whether it is more likely than not that the Company will be required to sell the investment before recovery of the cost basis. The Company also considers the type of security, related industry and sector performance, and published investment ratings. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. If conditions within individual markets, industry segments, or macro-economic environments deteriorate, the Company could incur future impairments.

Equity investments
We hold equity investments in certain companies that we do not have the ability to exercise significant influence. Equity investments without a readily determinable fair value are recorded at original cost. Investments with a readily determinable fair value, which are level 2 investments, are measured at fair value based on observable market price changes, with gains and losses recorded through net earnings. Equity investments were approximately $40 million as of July 1, 2023 and December 31, 2022. Additionally, these investments were recorded within Other noncurrent assets on the Consolidated Balance Sheet.

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 $4.9 billion and $5.1 billion, respectively, as of July 1, 2023. The fair value and carrying value of the Company's long-term debt was $5.1 billion and $5.3 billion, respectively, as of December 31, 2022.

Counterparty credit risk concentration and collateral requirements

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. Certain counterparties represent a concentration of credit risk to the Company. If those counterparties fail to perform according to the terms of derivative contracts, this would result in a loss to the Company. As of July 1, 2023, the Company was not in a significant net asset position with any counterparties with which a master netting agreement would apply.

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 July 1, 2023, the Company posted $34 million in margin deposits for exchange-traded commodity derivative instruments, which was reflected as an increase in accounts receivable, net on the Consolidated Balance Sheet.

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.

Note 11 Reportable segments
Kellogg Company is a leading producer of snacks, cereal, and frozen foods. It is the second largest producer of crackers, a leading producer of savory snacks, and the world's leading producer of cereal. Additional product offerings include toaster pastries, cereal bars, veggie foods and noodles. Kellogg products are manufactured and marketed globally. Principal markets for these products include the United States, United Kingdom, Nigeria, Canada, Mexico, and Australia.

The Company manages its operations through four operating segments that are based on geographic location – North America which includes U.S. businesses and Canada; Europe which consists of European countries; Latin America which consists of Central and South America and includes Mexico; and AMEA (Asia Middle East Africa) which consists of Africa, Middle East, Australia and other Asian and Pacific markets. These operating segments also represent our reportable segments.

Corporate includes corporate administration and initiatives as well as share-based compensation.

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. Reportable segment results were as follows:

	Quarter ended		Year-to-date period ended	
(millions)	**July 1, 2023**	July 2, 2022	**July 1, 2023**	July 2, 2022
Net sales				
North America	**$ 2,325**	$ 2,248	**$ 4,713**	$ 4,358
Europe	**668**	598	**1,272**	1,187
Latin America	**336**	288	**628**	544
AMEA	**712**	732	**1,482**	1,450
Total Reportable Segments	**4,041**	3,866	**8,095**	7,539
Corporate	**—**	(2)	**(1)**	(3)
Consolidated	**$ 4,041**	$ 3,864	**$ 8,094**	$ 7,536
Operating profit				
North America	**$ 370**	$ 382	**$ 736**	$ 721
Europe	**104**	107	**196**	205
Latin America	**39**	39	**64**	53
AMEA	**67**	62	**141**	128
Total Reportable Segments	**580**	590	**1,137**	1,107
Corporate	**(71)**	(175)	**(188)**	(175)
Consolidated	**$ 509**	$ 415	**$ 949**	$ 932

Supplemental product information is provided below for net sales to external customers:

	Quarter ended		Year-to-date period ended	
(millions)	**July 1, 2023**	July 2, 2022	**July 1, 2023**	July 2, 2022
Snacks	**$ 2,052**	$ 1,917	**$ 4,074**	$ 3,692
Cereal	**1,397**	1,342	**2,787**	2,623
Frozen	**265**	257	**557**	548
Noodles and other	**327**	348	**676**	673
Consolidated	**$ 4,041**	$ 3,864	**$ 8,094**	$ 7,536

Note 12 Supplemental financial statement data

Consolidated Balance Sheet

(millions)	**July 1, 2023 (unaudited)**	December 31, 2022
Trade receivables	**$ 1,654**	$ 1,449
Allowance for credit losses	**(16)**	(13)
Refundable income taxes	**35**	82
Other receivables	**257**	218
Accounts receivable, net	**$ 1,930**	$ 1,736
Raw materials and supplies	**$ 427**	$ 426
Finished goods and materials in process	**1,279**	1,342
Inventories	**$ 1,706**	$ 1,768
Intangible assets not subject to amortization	**$ 1,871**	$ 1,969
Intangible assets subject to amortization, net	**220**	327
Other intangibles, net	**$ 2,091**	$ 2,296

KELLOGG COMPANY

PART I—FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and 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 1 of this report. Our MD&A references consumption and net sales in discussing our sales trends for certain categories and brands. We record net sales upon delivery of shipments to our customers. Consumption and share data noted within is based on Nielsen x-AOC or other comparable source, for the applicable period. Consumption refers to consumer purchases of our products from our customers. Unless otherwise noted, consumption and shipment trends are materially consistent.

For more than 115 years, consumers have counted on Kellogg for great-tasting, high-quality and nutritious foods. Currently, these foods include snacks, such as crackers, savory snacks, toaster pastries, cereal bars and bites; and convenience foods, such as, ready-to-eat cereals, frozen waffles, veggie foods and noodles. Kellogg products are manufactured and marketed globally.

Proposed separation transaction

During 2022, the Company announced its intent to separate its North American cereal business, via tax-free spin-off, with a target to complete the transaction during the fourth quarter of 2023, resulting in two independent public companies, each better positioned to unlock their full standalone potential. The proposed separation of the North American cereal business is expected to create greater strategic, operational, and financial focus for the company and its stakeholders, and will build on our current momentum.

Nigerian Naira

During the second quarter of 2023, the Nigerian government removed certain currency restrictions over the Nigerian Naira leading to a significant decline in the exchange rate of the Naira to the U.S. dollar on the official market in Nigeria. As a result of this decline in the exchange rate, the U.S. dollar value of the assets, liabilities, expenses and revenues of our Nigerian business in our consolidated financial statements has decreased significantly compared to prior periods. The consolidated assets of our Nigerian business represented approximately 5% of our consolidated assets as of July 1, 2023, compared to 8% as of December 31, 2022. Net sales of our Nigerian business were 8% of our consolidated net sales for the year-to-date period ended July 1, 2023 but could become a smaller percentage of our overall sales if exchange rates as of the end of the second quarter persist throughout the remainder of 2023.

In addition to our consolidated Nigerian business, the Company also has an investment in an unconsolidated entity, Tolaram Africa Foods PTE LTD, that holds an investment in a Nigerian food manufacturer. This investment is accounted for under the equity method of accounting and is evaluated for indicators of other than temporary impairment. Due to the devaluation of the Naira in June 2023 and the accounting method used by the Company to record the results of operations of TAF on a one-month-lag, the Company expects to record additional foreign currency translation adjustments on the value of the TAF investment during the third quarter of 2023. Based on the foreign currency exchange rates at the end of June 2023, the adjustment is expected to result in translation losses of approximately $120 million through other comprehensive income.

Russia

The war in Ukraine and the related sanctions imposed have increased global economic and geopolitical uncertainty. In March 2022, we suspended all new investments and shipments of all products to Russia. We have no employees or direct operations in Ukraine. Our business in Russia consists of three manufacturing facilities.

In December 2022 the Company entered into an agreement to sell our Russian business to a third party, pending a number of local government regulatory approvals. The business is a part of our Europe reportable segment. The sale includes the entirety of the Company's operations in Russia and will result in a complete exit from the market. As of July 1, 2023, the pending sale did not meet the criteria for held for sale accounting due to uncertainty related to the evolving Russian regulatory approvals required to sell a business in Russia. The net value of assets and CTA losses collectively represent less than 1% of total Company assets as of April 1, 2023. The Kellogg business in Russia represents approximately 1% of consolidated Kellogg Company net sales.

During the third quarter of 2023, the Company cleared all regulatory approvals, received the related cash consideration and completed the sale of the Russian business. As a result of completing the transaction, the Company will derecognize net assets of approximately $63 million and record a non-cash loss on the transaction of approximately $112 million, primarily related to the release of historical currency translation adjustments, in the third quarter of 2023.

Impacts of the war to our net sales, earnings, and cash flows extends beyond our business in Russia. Regional or global economic recessions, inflation, and supply chain challenges as a result of the war or further escalation could have a material impact on our results.

Inflationary pressures
Events such as the COVID-19 pandemic and the war in Ukraine have resulted in certain impacts to the global economy, including market disruptions, supply chain challenges, and inflationary pressures. During the quarter ended July 1, 2023 we continued to experience elevated commodity and supply chain costs, including procurement and manufacturing costs, although certain supply chain challenges have eased. We continue to mitigate the dollar impact of this input cost inflation through the execution of productivity initiatives and revenue growth management actions. Additionally, from time to time we may enter into a combination of fixed price contracts with suppliers and commodity derivative instruments to manage the impact of volatility in the price of raw materials. We expect input cost inflation to moderate in the second half of 2023.

Segments
We manage our operations through four operating segments that are based primarily on geographic location – North America which includes the U.S. businesses and Canada; Europe which consists principally of European countries; Latin America which consists of Central and South America and includes Mexico; and AMEA (Asia Middle East Africa) which consists of Africa, Middle East, Australia and other Asian and Pacific markets. These operating segments also represent our reportable segments.

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.

Non-GAAP financial measures used for evaluation of performance include currency-neutral and organic net sales, adjusted and currency-neutral adjusted operating profit, adjusted and currency-neutral adjusted diluted earnings per share (EPS), currency-neutral adjusted gross profit, currency neutral adjusted gross margin, adjusted effective tax rate, net debt, and cash flow. We determine currency-neutral 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 net sales. In addition, we exclude the impact of acquisitions, divestitures, 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.

- Adjusted: gross profit, gross margin, operating profit and diluted EPS: We adjust the GAAP financial measures to exclude the effect of restructuring programs, costs of the planned separation transaction, mark-to-market adjustments for pension plans (service cost, interest cost, expected return on plan assets, and other net periodic pension costs are not excluded), commodity contracts, certain equity investments and certain foreign currency contracts, a gain on interest rate swaps, and other costs impacting comparability resulting in adjusted. 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, 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: gross profit, gross margin, operating profit, and diluted EPS: We adjust the GAAP financial measures to exclude the effect of restructuring programs, costs of the planned separation transaction, mark-to-market adjustments for pension plans (service cost, interest cost, expected return on plan assets, and other net periodic pension costs are not excluded), commodity contracts, certain equity investments and certain foreign currency contracts, other costs impacting comparability, and foreign currency, resulting in currency-neutral adjusted. 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, as well as to evaluate the impacts of inflationary pressures and decisions to invest in new initiatives within each of our segments.

- Adjusted effective income tax rate: We adjust the GAAP financial measures to exclude the effect of restructuring programs, costs of the planned separation transaction, mark-to-market adjustments for pension plans (service cost, interest cost, expected return on plan assets, and other net periodic pension costs are not excluded), commodity contracts, certain equity investments and certain foreign currency contracts, a gain on interest rate swaps, and other costs impacting comparability. We excluded the items which we believe may obscure trends in our pre-tax income and the related tax effect of those items on our adjusted effective income tax rate, and other impacts to tax expense. By providing this non-GAAP measure, management intends to provide investors with a meaningful, consistent comparison of the Company's effective tax rate, excluding the pre-tax income and tax effect of the items noted above, for the periods presented. Management uses this non-GAAP measure to monitor the effectiveness of initiatives in place to optimize our global tax rate.

- Net debt: Defined as the sum of long-term debt, current maturities of long-term debt and notes payable, less cash and cash equivalents and marketable securities. With respect to net debt, cash and cash equivalents and marketable securities are subtracted from the GAAP measure, total debt liabilities, because they could be used to reduce the Company's debt obligations. Company management and investors use this non-GAAP measure to evaluate changes to the Company's capital structure and credit quality assessment.

- 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

We recognize mark-to-market adjustments for pension and postretirement benefit plans, commodity contracts, and certain foreign currency contracts as incurred. Actuarial gains/losses for pension plans are recognized in the year they occur. Mark-to-market gains/losses for certain equity investments are recorded based on observable price changes. Changes between contract and market prices for commodity contracts and certain foreign currency contracts result in gains/losses that are recognized in the quarter they occur. We recorded a pre-tax mark-to-market loss of $15 million and $73 million for the quarter and year-to-date period ended July 1, 2023, respectively. Additionally, we recorded a pre-tax mark-to-market loss of $95 million and $26 million for the quarter and year-to-date period ended July 2, 2022, respectively. Included within the aforementioned was a pre-tax mark-to-market gain for pension plans of $9 million and $30 million for the quarter and year-to-date period ended July 2, 2022, respectively.

Separation costs
The Company continues to work towards its planned separation of its North America cereal business. As a result, we incurred pre-tax charges related to the planned separation, primarily related to legal and consulting costs, of $77 million and $128 million for the quarter and year-to-date period ended July 1, 2023. We recorded pre-tax charges of $4 million for the quarter and year-to-date period ended July 2, 2022, respectively.

Business and portfolio realignment
Costs related to reorganizations in support of our Deploy for Growth priorities and a reshaped portfolio; investments in enhancing capabilities prioritized by our Deploy for Growth strategy; and prospective divestitures and acquisitions. As a result, we incurred pre-tax charges, primarily related to reorganizations, of $1 million and $2 million for the quarter and year-to-date period ended July 1, 2023, respectively. We recorded pre-tax charges of $6 million and $13 million for the quarter and year-to-date period ended July 2, 2022, respectively.

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 quarter ended July 1, 2023, our reported net sales increased 5% versus the prior year as a result of positive price/mix and sustained momentum in snacks which more than offset the impacts of price elasticity and unfavorable currency. Organic net sales increased 7% from the prior year excluding foreign currency.

Second quarter reported operating profit increased 23% versus the year-ago quarter primarily due to net sales growth and favorable mark-to-market impacts, partially offset by higher separation costs. Currency-neutral adjusted operating profit increased 14%, after excluding the impact of mark-to-market, separation costs, and foreign currency translation.

Reported diluted EPS of $1.03 for the quarter increased 8% compared to the prior year quarter of $0.95 due to higher net sales, favorable mark-to-market impacts, and lower effective tax rate partially offset by higher interest expense, incremental separation costs, and lower pension income. Currency-neutral adjusted diluted EPS of $1.24 for the quarter increased 5% from the prior year quarter after excluding mark-to-market, separation costs, and foreign currency translation.

Reconciliation of certain non-GAAP Financial Measures

Consolidated results (dollars in millions, except per share data)	Quarter ended July 1, 2023	Quarter ended July 2, 2022	Year-to-date period ended July 1, 2023	Year-to-date period ended July 2, 2022
Reported net income	**$ 356**	$ 326	**$ 654**	$ 748
Mark-to-market (pre-tax)	**(15)**	(95)	**(73)**	(26)
Separation costs (pre-tax)	**(77)**	(4)	**(128)**	(4)
Business and portfolio realignment (pre-tax)	**(1)**	(6)	**(2)**	(13)
Income tax impact applicable to adjustments, net*	**20**	27	**47**	11
Adjusted net income	**$ 429**	$ 404	**$ 809**	$ 781
Foreign currency impact	**2**	—	**(6)**	—
Currency-neutral adjusted net income	**$ 427**	$ 404	**$ 815**	$ 781
Reported diluted EPS	**$ 1.03**	$ 0.95	**$ 1.90**	$ 2.19
Mark-to-market (pre-tax)	**(0.05)**	(0.28)	**(0.21)**	(0.08)
Separation costs (pre-tax)	**(0.22)**	(0.01)	**(0.37)**	(0.01)
Business and portfolio realignment (pre-tax)	**(0.01)**	(0.02)	**(0.01)**	(0.04)
Income tax impact applicable to adjustments, net*	**0.06**	0.08	**0.14**	0.04
Adjusted diluted EPS	**$ 1.25**	$ 1.18	**$ 2.35**	$ 2.28
Foreign currency impact	**0.01**	—	**(0.02)**	—
Currency-neutral adjusted diluted EPS	**$ 1.24**	$ 1.18	**$ 2.37**	$ 2.28
Currency-neutral adjusted diluted EPS growth	**5.1 %**		**3.9 %**	

Note: Tables may not foot due to rounding.
For more information on the 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

The following tables provide an analysis of net sales and operating profit performance for the second quarter of 2023 versus 2022:

Quarter ended July 1, 2023 (millions)	**North America**	**Europe**	**Latin America**	**AMEA**	**Corporate**	**Kellogg Consolidated**
Reported net sales	**$ 2,325**	**$ 669**	**$ 336**	**$ 712**	**$ (1)**	**$ 4,041**
Foreign currency impact	**(7)**	**8**	**22**	**(121)**	**—**	**(98)**
Organic net sales	**$ 2,332**	**$ 661**	**$ 314**	**$ 833**	**$ (1)**	**$ 4,139**
Quarter ended July 2, 2022 (millions)						
Reported net sales	$ 2,249	$ 598	$ 288	$ 732	$ (2)	$ 3,864
% change - 2023 vs. 2022:						
Reported growth	**3.4 %**	**11.9 %**	**16.8 %**	**(2.7)%**	**n/m**	**4.6 %**
Foreign currency impact	(0.3)%	1.4 %	7.6 %	(16.6)%	n/m	(2.5)%
Organic growth	**3.7 %**	**10.5 %**	**9.2 %**	**13.9 %**	**n/m**	**7.1 %**
Volume (tonnage)	(10.7)%	(3.8)%	(10.3)%	(3.3)%	n/m	(7.6)%
Pricing/mix	14.4 %	14.3 %	19.5 %	17.2 %	n/m	14.7 %

Note: Tables may not foot due to rounding.
For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

Quarter ended July 1, 2023 (millions)	**North America**	**Europe**	**Latin America**	**AMEA**	**Corporate**	**Kellogg Consolidated**
Reported operating profit	**$ 370**	**$ 104**	**$ 39**	**$ 67**	**$ (71)**	**$ 509**
Mark-to-market	**—**	**—**	**(3)**	**—**	**(13)**	**(15)**
Separation costs	**(76)**	**—**	**—**	**—**	**—**	**(77)**
Business and portfolio realignment	**(1)**	**—**	**—**	**—**	**—**	**(1)**
Adjusted operating profit	**$ 448**	**$ 104**	**$ 42**	**$ 67**	**$ (58)**	**$ 602**
Foreign currency impact	**(1)**	**2**	**3**	**(7)**	**1**	**(2)**
Currency-neutral adjusted operating profit	**$ 448**	**$ 102**	**$ 39**	**$ 74**	**$ (60)**	**$ 604**
Quarter ended July 2, 2022 (millions)						
Reported operating profit	$ 382	$ 107	$ 39	$ 62	$ (175)	$ 415
Mark-to-market	—	—	7	—	(110)	(104)
Separation costs	(4)	—	—	—	—	(4)
Business and portfolio realignment	(6)	—	—	—	—	(6)
Adjusted operating profit	$ 392	$ 107	$ 33	$ 62	$ (65)	$ 529
% change - 2023 vs. 2022:						
Reported growth	**(3.2)%**	**(2.1)%**	**(1.5)%**	**8.3 %**	**59.5 %**	**22.7 %**
Mark-to-market	— %	— %	(29.5)%	— %	49.3 %	21.5 %
Separation costs	(18.6)%	— %	(1.3)%	— %	— %	(13.9)%
Business and portfolio realignment	1.4 %	0.3 %	0.6 %	— %	0.1 %	1.2 %
Adjusted growth	**14.0 %**	**(2.4)%**	**28.7 %**	**8.3 %**	**10.1 %**	**13.9 %**
Foreign currency impact	(0.2)%	1.8 %	9.1 %	(10.9)%	1.9 %	(0.3)%
Currency-neutral adjusted growth	**14.2 %**	**(4.2)%**	**19.6 %**	**19.2 %**	**8.2 %**	**14.2 %**

Note: Tables may not foot due to rounding.
For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

North America
Reported net sales for the second quarter increased 3% versus the prior year due to favorable price/mix that more than offset the impact of price elasticity and lapping last year's replenishment of trade inventory.

Net sales % change - second quarter 2023 vs. 2022:

North America	Reported net sales	Foreign currency	Organic net sales
Snacks	**4.3 %**	(0.2)%	**4.5 %**
Cereal	**1.8 %**	(0.5)%	**2.3 %**
Frozen	**3.0 %**	(0.3)%	**3.3 %**

North America snacks net sales increased 4% due to price/mix growth, led by double-digit consumption growth of our *Rice Krispies Treats* and *Club* brands. *Cheez-it* and *Pringles,* lapping an exceptional prior year quarter, also grew consumption.

North America cereal net sales increased despite lapping the prior year replenishment of retailer inventory levels following the 2021 fire and strike.

North America frozen net sales increased on strong consumption growth of *Eggo*.

North America operating profit decreased 3% as incremental separation costs more than offset the impact of higher net sales, improving service levels and operating efficiencies. Currency-neutral adjusted operating profit increased 14%, after excluding the impact of business and portfolio realignment and separation costs.

Europe
Reported net sales increased 12% as favorable price/mix and momentum in snacks was partially offset by the impact of price elasticity and declines in Russia due to suspended snacks shipments. Organic net sales increased 11% after excluding the impact of foreign currency.

Net sales % change - second quarter 2023 vs. 2022:

Europe	Reported net sales	Foreign currency	Organic net sales
Snacks	**20.9 %**	1.7 %	**19.2 %**
Cereal	**1.8 %**	1.0 %	**0.8 %**

Snacks net sales growth was led by *Pringles,* despite the impact of suspended snacks shipments into Russia.

Cereal net sales growth was driven by price/mix.

Reported operating profit decreased 2% due primarily to unfavorable foreign currency and lapping an exceptional prior year quarter. Currency-neutral adjusted operating profit decreased 4% after excluding the impact of foreign currency.

Latin America
Reported net sales increased 17% driven by price/mix growth and favorable foreign currency. Organic net sales increased 9%, after excluding the impact of foreign currency.

Net sales % change - second quarter 2023 vs. 2022:

Latin America	Reported net sales	Foreign currency	Organic net sales
Snacks	**5.4 %**	4.5 %	**0.9 %**
Cereal	**24.6 %**	9.6 %	**15.0 %**

Snacks net sales increased led by *Pringles* growth across the region.

Cereal net sales increased across the region led by strong growth in Mexico.

Reported operating profit decreased 2% as the impact of net sales growth and favorable mark-to-market more than offset higher input costs and increased brand-building investment. Currency-neutral adjusted operating profit increased 20% after excluding the impact of mark-to-market, and foreign currency.

AMEA
Reported net sales decreased 3% due primarily to unfavorable foreign currency as a result of the devaluation of the Nigerian Naira in June. Organic net sales increased 14% after excluding the impact of foreign currency.

Net sales % change - second quarter 2023 vs. 2022:

AMEA	Reported net sales	Foreign currency	Organic net sales
Snacks	**3.7 %**	(6.8)%	**10.5 %**
Cereal	**(1.8)%**	(7.3)%	**5.5 %**
Noodles and other	**(6.2)%**	(26.9)%	**20.7 %**

Net sales growth in snacks was led by *Pringles*, which grew net sales across key markets and gained share in both developed and emerging markets.

Cereal, noodles and other category net sales decreased due to unfavorable foreign currency but grew on an organic basis.

Reported operating profit increased 8% as higher net sales more than offset the impacts of high cost inflation, increased brand-building investment, and unfavorable foreign currency translation. Currency-neutral adjusted operating profit increased 19%, after excluding the impact of foreign currency.

Corporate
Reported operating profit increased significantly versus the comparable prior year quarter due primarily to favorable mark-to-market impacts. Currency-neutral adjusted operating profit increased $5 million from the prior year after excluding mark-to-market.

The following tables provide an analysis of net sales and operating profit performance for the year-to-date periods ended July 1, 2023 versus July 2, 2022:

Year-to-date period ended July 1, 2023 (millions)	**North America**	**Europe**	**Latin America**	**AMEA**	**Corporate**	**Kellogg Consolidated**
Reported net sales	**$ 4,713**	**$ 1,272**	**$ 628**	**$ 1,482**	**$ (1)**	**$ 8,094**
Foreign currency impact	**(17)**	**(22)**	**29**	**(212)**	**—**	**(221)**
Organic net sales	**$ 4,729**	**$ 1,294**	**$ 599**	**$ 1,694**	**$ (1)**	**$ 8,315**
Year-to-date period ended July 2, 2022 (millions)						
Reported net sales	$ 4,358	$ 1,187	$ 543	$ 1,450	$ (3)	$ 7,536
% change - 2023 vs. 2022:						
Reported growth	**8.1 %**	**7.2 %**	**15.6 %**	**2.2 %**	**n/m**	**7.4 %**
Foreign currency impact	(0.4)%	(1.8)%	5.4 %	(14.6)%	n/m	(2.9)%
Organic growth	**8.5 %**	**9.0 %**	**10.2 %**	**16.8 %**	**n/m**	**10.3 %**
Volume (tonnage)	(5.7)%	(4.9)%	(9.0)%	(1.5)%	n/m	(4.8)%
Pricing/mix	14.2 %	13.9 %	19.2 %	18.3 %	n/m	15.1 %

Note: Tables may not foot due to rounding.
For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

Year-to-date period ended July 1, 2023 (millions)	**North America**	**Europe**	**Latin America**	**AMEA**	**Corporate**	**Kellogg Consolidated**
Reported operating profit	**$ 736**	**$ 196**	**$ 64**	**$ 141**	**$ (187)**	**$ 949**
Mark-to-market	**—**	**—**	**(5)**	**—**	**(67)**	**(73)**
Separation costs	**(128)**	**—**	**—**	**—**	**—**	**(128)**
Business and portfolio realignment	**(2)**	**—**	**—**	**—**	**(1)**	**(2)**
Adjusted operating profit	**$ 865**	**$ 196**	**$ 69**	**$ 141**	**$ (119)**	**$ 1,152**
Foreign currency impact	**(2)**	**(3)**	**4**	**(13)**	**2**	**(13)**
Currency-neutral adjusted operating profit	**$ 867**	**$ 199**	**$ 65**	**$ 154**	**$ (121)**	**$ 1,164**
Year-to-date period ended July 2, 2022 (millions)						
Reported operating profit	$ 721	$ 204	$ 53	$ 128	$ (175)	$ 932
Mark-to-market	—	—	(1)	—	(55)	(56)
Separation costs	(4)	—	—	—	—	(4)
Business and portfolio realignment	(12)	—	—	—	(1)	(13)
Adjusted operating profit	$ 738	$ 204	$ 54	$ 128	$ (119)	$ 1,005
% change - 2023 vs. 2022:						
Reported growth	**2.0 %**	**(4.0)%**	**19.1 %**	**10.1 %**	**(6.8)%**	**1.9 %**
Mark-to-market	— %	— %	(7.4)%	— %	(7.2)%	(1.6)%
Separation costs	(17.0)%	— %	(0.8)%	— %	— %	(12.4)%
Business and portfolio realignment	1.7 %	0.1 %	0.4 %	— %	0.4 %	1.3 %
Adjusted growth	**17.3 %**	**(4.1)%**	**26.9 %**	**10.1 %**	**— %**	**14.6 %**
Foreign currency impact	(0.3)%	(1.6)%	7.1 %	(10.2)%	1.8 %	(1.2)%
Currency-neutral adjusted growth	**17.6 %**	**(2.5)%**	**19.8 %**	**20.3 %**	**(1.8)%**	**15.8 %**

Note: Tables may not foot due to rounding.
For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

North America

Reported net sales for the year-to-date period increased 8% versus the prior year as price/mix and momentum in snacks more than offset the impact of lapping the replenishment of inventory in our North America cereal business following the 2021 fire and strike. Organic net sales increased 9% after excluding the impact of foreign currency.

Net sales % change - second quarter year-to-date 2023 vs. 2022:

North America	Reported net sales	Foreign currency	Organic net sales
Snacks	**9.5 %**	(0.2)%	**9.7 %**
Cereal	**8.4 %**	(0.6)%	**9.0 %**
Frozen	**1.5 %**	(0.3)%	**1.8 %**

North America snacks net sales increased led by the performance of its largest brands, *Cheez-it, Pringles*, *Rice Krispie Treats, Club* and *Townhouse*, which grew consumption during the year-to-date period.

North America cereal net sales increased despite lapping the prior year replenishment of retailer inventory levels following the 2021 fire and strike.
North America operating profit increased 2% compared to the prior year due to higher net sales and lapping of residual fire and strike costs, which more than offset incremental separation costs. Currency-neutral adjusted operating profit increased 18%, after excluding the impact of separation costs and business and portfolio realignment.

Europe

Reported net sales increased 7% as growth in snacks and positive price/mix more than offset unfavorable foreign currency translation. Organic net sales increased 9% after excluding the impact of foreign currency.

Net sales % change - second quarter year-to-date 2023 vs. 2022:

Europe	Reported net sales	Foreign currency	Organic net sales
Snacks	**15.3 %**	(1.6)%	**16.9 %**
Cereal	**(1.4)%**	(2.1)%	**0.7 %**

Cereal net sales declined for the year-to-date period on an as reported basis due to unfavorable foreign currency.

Snacks net sales growth was led by *Pringles,* despite the suspension of snacks shipments into Russia.

Reported operating profit decreased 4% due to higher input costs and unfavorable foreign currency. Currency-neutral adjusted operating profit decreased 3% after excluding the impact of foreign currency translation.

Latin America

Reported net sales increased 16% due primarily to growth in snacks across the region, favorable price/mix and favorable foreign currency. Organic net sales increased 10%, after excluding the impact of foreign currency.

Net sales % change - second quarter year-to-date 2023 vs. 2022:

Latin America	Reported net sales	Foreign currency	Organic net sales
Snacks	**8.0 %**	2.2 %	**5.8 %**
Cereal	**20.4 %**	7.4 %	**13.0 %**

Reported operating profit increased 19% as the impact of higher net sales more than offset input cost inflation. Currency-neutral adjusted operating profit increased 20% after excluding the impact of mark-to-market and foreign currency.

AMEA
Reported net sales increased 2% due to broad-based growth across the region resulting from favorable price/mix and net sales momentum in snacks partially offset by unfavorable foreign currency primarily due to the devaluation of the Nigerian Naira. Organic net sales also increased 17%.

Net sales % change - second quarter year-to-date 2023 vs. 2022:

AMEA	Reported net sales	Foreign currency	Organic net sales
Snacks	**9.4 %**	(9.0)%	**18.4 %**
Cereal	**(0.3)%**	(8.5)%	**8.2 %**
Noodles and other	**0.4 %**	(21.5)%	**21.9 %**

Snacks net sales increased due primarily to strong growth in *Pringles* across the region.

Noodles and other net sales grew during the year-to-date period despite unfavorable foreign currency which occurred primarily in the second quarter.

Reported operating profit increased 10% due primarily to higher net sales partially offset by higher input costs and unfavorable foreign currency. Currency-neutral adjusted operating profit increased 20%, after excluding the impact of foreign currency.

Corporate
Reported operating profit decreased versus the comparable prior year period due primarily to unfavorable mark-to-market impacts. Currency-neutral adjusted operating profit decreased $2 million from the prior year after excluding the impact of mark-to-market.

Margin performance
Our currency-neutral adjusted gross profit and gross profit margin performance for the quarter ended July 1, 2023 and July 2, 2022 are reconciled to the directly comparable GAAP measures as follows:

Quarter ended	**July 1, 2023**		July 2, 2022		GM change vs. prior year (pts.)
(dollars in millions)	**Gross Profit (a)**	**Gross Margin (b)**	Gross Profit (a)	Gross Margin (b)	
Reported	**$ 1,332**	**33.0 %**	$ 1,143	29.6 %	**3.4**
Mark-to-market	**(12)**	**(0.3)%**	(107)	(2.8)%	**2.5**
Separation costs	**(14)**	**(0.3)%**	—	— %	**(0.3)**
Business and portfolio realignment	**(1)**	**(0.1)%**	(2)	— %	**(0.1)**
Adjusted	**1,360**	**33.7 %**	1,253	32.4 %	**1.3**
Foreign currency impact	**(11)**	**0.6 %**	—	— %	**0.6**
Currency-neutral adjusted	**$ 1,371**	**33.1 %**	$ 1,253	32.4 %	**0.7**

Note: Tables may not foot due to rounding.
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.
(b) Gross profit as a percentage of net sales.

Reported gross margin for the quarter increased 340 basis points versus the prior year due primarily to favorable mark-to-market, improved efficiencies as a result of receding bottlenecks and shortages, as well as the impact of productivity and revenue growth management initiatives. Currency-neutral adjusted gross margin increased 70 basis points compared to the second quarter of 2022 after eliminating the impact of mark-to-market, separation costs and foreign currency.

Our currency-neutral adjusted gross profit and gross profit margin performance for the year-to-date periods ended July 1, 2023 and July 2, 2022 are reconciled to the directly comparable GAAP measures as follows:

Year-to-date period ended	**July 1, 2023**		July 2, 2022		GM change vs. prior year (pts.)
(dollars in millions)	**Gross Profit (a)**	**Gross Margin (b)**	Gross Profit (a)	Gross Margin (b)	
Reported	**$ 2,543**	**31.4 %**	$ 2,302	30.5 %	**0.9**
Mark-to-market	**(67)**	**(0.8)%**	(60)	(0.8)%	**—**
Separation costs	**(18)**	**(0.3)%**	—	— %	**(0.3)**
Business and portfolio realignment	**(1)**	**— %**	(6)	(0.1)%	**0.1**
Adjusted	**2,629**	**32.5 %**	2,368	31.4 %	**1.1**
Foreign currency impact	**(39)**	**0.4 %**	—	— %	**0.4**
Currency-neutral adjusted	**$ 2,668**	**32.1 %**	$ 2,368	31.4 %	**0.7**

Note: Tables may not foot due to rounding.
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.
(b) Gross profit as a percentage of net sales.

Reported gross margin for the year-to-date period increased 90 basis points versus the prior year due primarily to the impact of improved efficiencies resulting from receding bottlenecks and shortages,as well as the impact of productivity and revenue growth management initiatives. Currency-neutral adjusted gross margin increased 70 basis points compared to 2022 after eliminating the impact of mark-to-market, separation costs and foreign currency.

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, Australian dollar, Canadian dollar, Mexican peso, Brazilian Real, Nigerian Naira, Russian ruble, Polish zloty, and Egyptian pound. 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
For the quarters ended July 1, 2023 and July 2, 2022, interest expense was $82 million and $54 million, respectively. For the year-to-date periods ended July 1, 2023 and July 2, 2022, interest expense was $162 million and $110 million. The increase from the prior year quarter is due primarily to higher interest rates on commercial paper and floating rate debt versus the prior year.

Income Taxes

Our reported effective tax rate for the quarters ended July 1, 2023 and July 2, 2022 was 22% and 23%, respectively.

Our adjusted effective tax rate for the quarters ended July 1, 2023 and July 2, 2022 was 22% and 24%, respectively.

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 rates. Additionally, the rate could be impacted by tax legislation and 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.

	Quarter ended		Year-to-date period ended	
Consolidated results (dollars in millions)	**July 1, 2023**	July 2, 2022	**July 1, 2023**	July 2, 2022
Reported income taxes	**$ 104**	$ 97	**$ 190**	$ 209
Mark-to-market	**(4)**	(25)	**(18)**	(5)
Separation costs	**(20)**	(1)	**(32)**	(1)
Business and portfolio realignment	**4**	(1)	**3**	(5)
Adjusted income taxes	**$ 124**	$ 124	**$ 237**	$ 220
Reported effective income tax rate	**22.4 %**	23.0 %	**22.4 %**	21.9 %
Mark-to-market	**(0.1)%**	(0.6)%	**(0.2)%**	0.1 %
Separation costs	**(0.5)%**	— %	**(0.3)%**	— %
Business and portfolio realignment	**0.8 %**	0.1 %	**0.4 %**	(0.3)%
Adjusted effective income tax rate	**22.2 %**	23.5 %	**22.5 %**	22.0 %

Note: Tables may not foot due to rounding.
For more information on the reconciling items in the table above, please refer to the Significant items impacting comparability section.

Liquidity and capital resources

We anticipate current cash and marketable security balances, operating cash flows, together with our credit facilities and other financing sources including commercial paper, credit and bond markets, will be adequate to meet our operating, investing and financing needs. We expect cash provided by operating activities of approximately $1.7-$1.8 billion and capital expenditures of approximately $700 million in 2023. We currently have $2.5 billion of unused revolving credit agreements, including $1.5 billion effective through 2026 and $1.0 billion effective through December 2023, as well as continued access to the commercial paper markets. We are currently in compliance with all debt covenants and do not have material uncertainty about our ability to maintain compliance in future periods. We continue to utilize available capacity within the Monetization Programs to maintain financial flexibility without negatively impacting working capital.

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. The impacts of the extended customer terms program and the monetization programs on core working capital are largely offsetting. These programs are all part of our ongoing working capital management.

We periodically monitor our supplier payment terms to assess whether our terms are competitive and in line with local market terms. To the extent that such assessment indicates that our supplier payment terms are not aligned with local market terms, we may seek to adjust our terms, including extending or shortening our payment due dates as appropriate. Supplier payment term modifications did not have a material impact on our cash flows during 2022, and are not expected to have a material impact in 2023.

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. These factors, coupled with the use of our ongoing cash flows from operations to service our debt obligations, pay dividends, fund acquisition opportunities, and repurchase our common stock, reduce our working capital amounts. We had negative working capital of $2.2 billion as of July 1, 2023 and December 31, 2022.

The following table reflects net debt amounts:

(millions, unaudited)		July 1, 2023		December 31, 2022
Notes payable	**$**	**461**	$	467
Current maturities of long-term debt		**1,199**		780
Long-term debt		**5,078**		5,317
Total debt liabilities	**$**	**6,738**	$	6,564
Less:				
Cash and cash equivalents		**(308)**		(299)
Net debt	**$**	**6,430**	$	6,265

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

	Year-to-date period ended			
(millions)		**July 1, 2023**		July 2, 2022
Net cash provided by (used in):				
Operating activities		**644**	$	805
Investing activities		**(344)**		(318)
Financing activities		**(299)**		(383)
Effect of exchange rates on cash and cash equivalents		**8**		(67)
Net increase (decrease) in cash and cash equivalents	**$**	**9**	$	37

Operating activities

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

Net cash provided by our operating activities for the quarter ended July 1, 2023, totaled $644 million compared to $805 million in the prior year period. The decrease is due primarily to incremental separation costs and incentive compensation.

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), was approximately two days and negative 10 days for the 12 month periods ended July 1, 2023 and July 2, 2022, respectively. The increase is due primarily to days sales in inventory, which are lapping the impact of the 2021 fire and strike in our North America cereal business.

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:

	Quarter ended			
(millions)		**July 1, 2023**		July 2, 2022
Net cash provided by operating activities	**$**	**644**	$	805
Additions to properties		**(339)**		(267)
Cash flow	**$**	**305**	$	538

Our non-GAAP measure for cash flow decreased to $305 million in the quarter ended July 1, 2023, from $538 million in the prior year due primarily to higher capital expenditures, incremental separation costs, and incentive compensation.

Investing activities

Our net cash used in investing activities totaled $344 million for the quarter ended July 1, 2023 compared to $318 million in the comparable prior year period due primarily to higher capital expenditures.

Financing activities
Our net cash used in financing activities for the quarter ended July 1, 2023 totaled $299 million compared to cash used of $383 million during the comparable prior year period. The year-over-year variance was driven by the repurchase of $60 million of our common stock during the current year-to-date period versus $300 million in the prior year-to-date period. This impact was partially offset by lower proceeds from the issuance of common stock related to equity-based compensation in the current year.

Additionally, during the first quarter of 2023, the Company issued $400 million of ten-year 5.25% Notes due 2033, resulting in net proceeds after discount and underwriting commissions of $396 million. The proceeds from these notes were used for general corporate purposes, including the payment of offering related fees and expenses, repayment of the $210 million 2.75% Notes when they matured on March 1, 2023, and repayment of a portion of commercial paper borrowings. The 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, as well as a change of control provision.

In December 2022, the Board of Directors approved an authorization to repurchase up to $1.5 billion of the Company's common stock through December 2025. This authorization is intended to allow the Company to repurchase shares for general corporate purposes and to offset issuances for employee benefit programs.
Total purchases for the quarter ended April 2, 2022, were 5 million shares for $300 million. During the quarter and year-to-date periods ended July 1, 2023, the Company repurchased approximately 1 million shares of common stock for a total of $60 million.

We paid cash dividends of $404 million in the year-to-date period ended July 1, 2023, compared to $394 million during the comparable prior year period. In July 2023, the Board of Directors declared a dividend of $.60 per common share, payable on September 15, 2023 to shareholders of record at the close of business on September 1, 2023.

We continue to maintain both a Five-Year and a 364-Day Credit Agreement, which had no outstanding borrowings as of July 1, 2023, and contain 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 agents may terminate the commitments under the credit facilities, accelerate any outstanding loans under the agreements, and demand the deposit of cash collateral equal to the lender's letter of credit exposure plus interest.

Our 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. There are no significant restrictions on the payment of dividends. We were in compliance with all covenants as of July 1, 2023.

The Notes 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 December 2023, as well as our Five-Year Credit Agreement, which expires in December 2026. This source of liquidity is unused and available on an unsecured basis, although we do not currently plan to use it.

Monetization and Supplier Finance Programs
We have a program in which customers could extend their payment terms in exchange for the elimination of early payment discounts (Extended Terms Program). In order to mitigate the net working capital impact of the Extended Terms Program for discrete customers, we entered into agreements to sell, on a revolving basis, certain trade accounts receivable balances to third party financial institutions (Monetization Programs). Transfers under the Monetization Programs are accounted for as sales of receivables resulting in the receivables being de-recognized from our Consolidated Balance Sheet. The Monetization Programs provide 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 approximately $1.1 billion, but may be increased or decreased as customers move in or out of the Extended Terms Program and as additional financial institutions move in or out of the Monetization Programs. During 2023 the Company amended the agreements to increase the previous maximum receivables sold limit from approximately $920 million as of December 31, 2022. Accounts receivable sold of $999 million and $865 million remained outstanding under this arrangement as of July 1, 2023 and December 31, 2022, respectively.

The Monetization Programs are designed 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. Current DSO levels within North America are consistent with DSO levels prior to the execution of the Extended Term Program and Monetization Programs.

Refer to Note 3 within Notes to Consolidated Financial Statements for further information related to the sale of accounts receivable.

We periodically monitor our supplier payment terms to assess whether our terms are competitive and in line with local market terms. To the extent that such assessment indicates that our supplier payment terms are not aligned with local market terms, we may seek to adjust our terms, including extending or shortening our payment due dates as appropriate, however, we do not expect supplier payment term modifications to have a material impact on our cash flows during 2023.

The Company establishes competitive market-based terms with our suppliers, regardless of whether they participate in supplier finance programs, which generally range from 0 to 150 days dependent on their respective industry and geography. We have agreements with third parties (Supplier Finance Programs) to provide accounts payable tracking systems which facilitate participating suppliers' ability to monitor and, if elected, sell our payment obligations to designated third-party financial institutions. Participating suppliers may, at their sole discretion, make offers to sell one or more of our payment obligations prior to their scheduled due dates at a discounted price to participating financial institutions. We have no economic interest in the sale of these suppliers' receivables and no direct financial relationship with the financial institutions concerning these services. Our obligations to our suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to sell amounts under the arrangements. However, our 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.

Refer to Note 1 within Notes to Consolidated Financial Statements for further information related to accounts payable.

If financial institutions were to terminate their participation in the Monetization Programs and we are not able to modify related customer payment terms, working capital could be negatively impacted. Additionally, working capital could be negatively impacted if we shorten our supplier payment terms as a result of supplier negotiations. For suppliers participating in the Supplier Finance Programs, financial institutions may terminate their participation or we could experience a downgrade in our credit rating that could result in higher costs to suppliers. If working capital is negatively impacted as a result of these events and we were unable to secure alternative programs, we may have to utilize our various financing arrangements for short-term liquidity or increase our long-term borrowings.

Future outlook

Reflecting its strong year-to-date results, underlying trends, and confidence in its outlook, Kellogg Company has updated its full-year 2023 guidance as follows:

- Raises its organic-basis net sales growth guidance to approximately +7%, from its prior guidance of +6% to +7% reflecting the strength of its first half results. The guidance continues to assume price/mix growth, and a gradual rise in price elasticities.
- Raises its guidance for adjusted-basis operating profit growth to +9% to +10% on a currency-neutral basis, from its prior guidance of +8 to +10%. This reflects earlier-than-expected progress toward profit margin recovery.
- Raises its guidance for an adjusted-basis earnings per share decline to (1)% to (2)% on a currency-neutral basis, from prior guidance of approximately (1)% to (3)%, despite significant year-on-year pressure from the impact on pension income and interest expense of lower financial asset values and higher interest rates.
- Affirms for net cash provided by operating activities to be approximately $1.7 - $1.8 billion, with capital expenditure of approximately $0.7 billion, resulting in affirming its guidance for cash flow of approximately $1.0 - $1.1 billion. This is below 2022 levels due primarily to approximately $0.3 billion of up-front charges and capital expenditure related to the Company's pending separation, without which cash flow would be higher year on year.

For simplicity reasons, this guidance assumes that the spin-off of the Company's North American cereal business takes place on December 31, 2023.

Reconciliation of non-GAAP measures

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. Similarly, because of volatility in foreign exchange rates and shifts in 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.

See the table below that outlines the projected impact of certain other items that are excluded from non-GAAP guidance for 2023:

Impact of certain items excluded from Non-GAAP guidance:	Net Sales	Operating Profit	Earnings Per Share
Separation costs (pre-tax)		$230M - $240M	$0.67 - $0.70
Business and portfolio realignment (pre-tax)		$20M-$25M	$0.06 - $0.07
Income tax impact applicable to adjustments, net**			$0.13 - $0.18
Currency-neutral adjusted guidance*		**~ 9-10%**	**~(1)-(2)%**
Organic guidance*	**~7%**		

* 2023 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. These items for 2023 include impacts of mark-to-market adjustments for pension plans (service cost, interest cost, expected return on plan assets, and other net periodic pension costs are not excluded), commodity contracts, certain equity investments, and certain foreign currency contracts. 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)	Full Year 2023
Net cash provided by (used in) operating activities	**$1.7 - $1.8**
Additions to properties	**~($0.7)**
Cash Flow	**~$1.0 - $1.1**

Forward-looking statements

This Report contains “forward-looking statements” with projections concerning, among other things, the anticipated separation of the Company’s North American cereal business, the Company’s restructuring programs, the integration of acquired businesses, our strategy, 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; ESG performance; 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 other factors, including the ability to effect the separation transaction and to meet the conditions related thereto; the ability of the North American cereal business to succeed as a standalone publicly traded company; potential uncertainty during the pendency of the separation transaction that could affect the Company’s financial performance; the possibility that the separation transaction will not be completed within the anticipated time period or at all, the possibility that the separation transaction will not achieve its intended benefits; the possibility of disruption, including changes to existing business relationships, disputes, litigation or unanticipated costs in connection with the separation transaction; uncertainty of the expected financial performance of the Company or the separated North American cereal business following completion of the separation transaction; negative effects of the announcement or pendency of the separation transaction on the market price of the Company’s securities and/or on the financial performance of the Company; uncertainty of the magnitude, duration, geographic reach, impact on the global economy and current and potential travel restrictions of the COVID-19 outbreak, the current, and uncertain future, impact of the COVID-19 outbreak on our business, growth, reputation, prospects, financial condition, operating results (including components of our financial results), and cash flows and liquidity, the residual impact of the 12-week labor strike at the Company's U.S. cereal plants and a fire at one of the plants, the ability to implement restructuring as planned, whether the expected amount of costs associated with restructuring will differ from forecasts, whether we will be able to realize the anticipated benefits from restructuring in the amounts and times expected, the ability to realize the anticipated benefits and synergies from business 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, transportation costs, 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 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 3. 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. Refer to Note 10 within Notes to Consolidated Financial Statements for further information on our derivative financial and commodity instruments.

Refer to disclosures contained within Item 7A of our 2022 Annual Report on Form 10-K. Other than changes noted here, there have been no material changes in the Company's market risk as of July 1, 2023.

Volatile market conditions arising from events such as the war in Ukraine may result in significant changes in foreign exchange rates, and in particular a weakening of foreign currencies relative to the U.S. dollar may negatively affect our net sales and operating profit when translated to U.S. dollars. Primary exposures include the U.S. dollar versus the euro, British pound, Australian dollar, Canadian dollar, Mexican peso, Brazilian real, Nigerian naira, Russian ruble, Polish zloty and Egyptian pound, and in the case of inter-subsidiary transactions, the British pound versus the euro.

During the second quarter of 2023, the Nigerian government removed certain currency restrictions over the Nigerian Naira leading to a significant decline in the exchange rate of the Naira to the U.S. dollar on the official market in Nigeria. As a result of this decline in the exchange rate, the U.S. dollar value of the assets, liabilities, expenses and revenues of our Nigerian business in our consolidated financial statements has decreased significantly compared to prior periods. The consolidated assets of our Nigerian business represented approximately 5% of our consolidated assets as of July 1, 2023, compared to 8% as of December 31, 2022. Net sales of our Nigerian business were 8% of our consolidated net sales year-to-date period ended July 1, 2023, but could become a smaller percentage of our overall sales if exchange rates as of the quarter ended July 1, 2023, persist throughout the remainder of 2023.

Additionally, due to the devaluation of the Naira in June 2023 and the accounting method used by the Company to record the results of operations of TAF on a one-month-lag, the company expects to record additional foreign currency translation adjustments on the value of the TAF investment during the third quarter of 2023. Based on the foreign currency exchange rates at the end of June 2023, the adjustment is expected to result in translation losses of approximately $120 million through other comprehensive income.

During the year-to-date period ended July 1, 2023, we settled certain U.S. Dollar forward starting interest rate swaps with notional amounts totaling approximately $700 million, resulting in a realized gain of approximately $60 million. These forward starting interest rate swaps were accounted for as cash flow hedges and the related gain was recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the fixed rate U.S. Dollar debt, once issued. During the year-to-date period ended July 1, 2023, we also entered into U.S. forward starting interest rate swaps with notional amounts totaling approximately $300 million, as hedges against interest rate volatility associated with a forecasted issuance of fixed rate U.S. Dollar debt. These swaps were designated as cash flow hedges.

During the year-to-date period ended July 1, 2023, we settled certain euro forward starting interest rate swaps with notional amounts totaling approximately €200 million, resulting in a realized gain of approximately $11 million. These forward starting interest rate swaps were accounted for as cash flow hedges and the related gain was recorded in accumulated other comprehensive income and will be amortized to interest expense over the term of the fixed rate euro debt, once issued. During the year-to-date period ended July 1, 2023, we also entered into euro forward starting interest rate swaps with notional amounts totaling approximately €200 million, as hedges against interest rate volatility associated with a forecasted issuance of fixed rate euro debt. These swaps were designated as cash flow hedges.

We have interest rate contracts with notional amounts totaling $2.3 billion representing a net settlement obligation of $89 million as of July 1, 2023. We had interest rate contracts with notional amounts totaling $2.7 billion representing a net settlement obligation of $23 million as of December 31, 2022.

During the year-to-date period ended July 1, 2023, we settled cross currency swaps with notional amounts totaling approximately €182 million, resulting in a gain of $17 million. These cross currency swaps were accounted for as net investment hedges and the related gain was recorded in accumulated other comprehensive income. During the year-to-date period ended July 1, 2023, we also entered into cross currency swaps with notional amounts totaling approximately €400 million, as hedges against foreign currency volatility associated with our net investment in our wholly-owned foreign subsidiaries. These swaps were designated as net investment hedges. We have cross currency swaps with notional amounts totaling $2.0 billion outstanding as of July 1, 2023 representing a net settlement receivable of $47 million. The total notional amount of cross currency swaps outstanding as of December 31, 2022 was $2.0 billion representing a net settlement receivable of $124 million.

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.

Events such as the ongoing war in Ukraine have resulted in certain impacts to the global economy, including market disruptions, supply chain challenges, and inflationary pressures. During the year-to-date period ended July 1, 2023, we continue to experience elevated commodity and supply chain costs, including procurement and manufacturing costs, although certain supply chain challenges eased. We expect input cost inflation to moderate in the second half of 2023.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports 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 under Rules 13a-15(e) and 15d-15(e). 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 July 1, 2023, we 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.

Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There were no changes during the quarter ended July 1, 2023, that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

KELLOGG COMPANY

PART II — OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. The risk factors disclosed under those Reports in addition to the other information set forth in this Report, could materially affect our business, financial condition, or results. Additional risks and uncertainties not currently known to us or that we deem to be immaterial could also materially adversely affect our business, financial condition, or results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In December 2022, the Board of Directors approved an authorization to repurchase up to $1.5 billion of the Company's common stock through December 2025. This authorization is intended to allow the Company to repurchase shares for general corporate purposes and to offset issuances for employee benefit programs.

The following table provides information with respect to purchases of common shares under programs authorized by our Board of Directors during the quarter ended July 1, 2023.

(c) Issuer Purchases of Equity Securities
(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:				
4/2/2023 - 4/29/2023	—	$ —	—	$ 1,500
Month #2:				
4/30/2023 - 5/27/2023	0.9	$ 68.60	60.0	$ 1,440
Month #3:				
5/28/2023 - 7/1/2023	—	$ —	—	$ 1,440
Total	0.9		60.0	

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits:

10.1	Amendment to the Amended and Restated Kellogg Company 2002 Employee Stock Purchase Plan*
31.1	Rule 13a-14(e)/15d-14(a) Certification from Steven A. Cahillane
31.2	Rule 13a-14(e)/15d-14(a) Certification from Amit Banati
32.1	Section 1350 Certification from Steven A. Cahillane
32.2	Section 1350 Certification from Amit Banati
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* A management contract or compensatory plan required to be filed with this Report.

KELLOGG COMPANY

SIGNATURES

Pursuant to the requirements 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.

KELLOGG COMPANY

/s/ Amit Banati

Amit Banati
Principal Financial Officer;
Vice Chairman and Chief Financial Officer

/s/ Kurt Forche

Kurt Forche
Principal Accounting Officer;
Vice President and Corporate Controller

Date: August 3, 2023

KELLOGG COMPANY

EXHIBIT INDEX

Exhibit No.	Description	Electronic (E) Paper (P) Incorp. By Ref. (IBRF)
10.1	Amendment to the Amended and Restated Kellogg Company 2002 Employee Stock Purchase Plan*	E
31.1	Rule 13a-14(e)/15d-14(a) Certification from Steven A. Cahillane	E
31.2	Rule 13a-14(e)/15d-14(a) Certification from Amit Banati	E
32.1	Section 1350 Certification from Steven A. Cahillane	E
32.2	Section 1350 Certification from Amit Banati	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.

AMENDMENT TO THE
AMENDED AND RESTATED KELLOGG COMPANY 2002 EMPLOYEE STOCK PURCHASE PLAN
(Effective January 1, 2021)

WHEREAS, Kellogg Company, a Delaware corporation (the "Company"), maintains the Amended and Restated Kellogg Company 2002 Employee Stock Purchase Plan (Effective January 1, 2021) (as may be amended from time to time, the "Plan");

WHEREAS, pursuant to Section 17 of the Plan, the Compensation and Talent Management Committee of the Board of Directors of the Company (the "Committee") may, at any time, or from time to time, amend or modify the Plan (excluding amendments (i) to increase or decrease the number of shares authorized for the Plan or (ii) that cause the Plan to fail to meet the applicable requirements of Section 423 of the Internal Revenue Code of 1986, as amended); and

WHEREAS, the Committee desires to amend the Plan to permit certain authorized officers of the Company to amend the Plan in their discretion, subject to the limitations set forth herein.

NOW, THEREFORE, pursuant to the power of amendment contained in Section 17 of the Plan, the Plan is hereby amended as follows, effective April 27, 2023:

1. Section 17 of the Plan is hereby deleted in its entirety and replaced with the following:

"Amendments to the Plan. The Committee (or the Chief Executive Officer or the Chief Human Resources Officer of the Company, or any other person as may be designated by the Chief Executive Officer of the Company (each, an "Authorized Officer")) may, at any time, or from time to time, amend or modify the Plan; provided, however, that no amendment shall be made increasing or decreasing the number of shares authorized for the Plan (other than as provided in Section 14), and that, except to conform the Plan to the requirements of the Code, no amendment shall be made that would cause the Plan to fail to meet the applicable requirements of Code Section 423; provided, further, that no Authorized Officer may adopt an amendment to the Plan that would require shareholder approval under any federal, state or local securities, tax or other applicable laws, rules or regulations, the applicable rules of any stock exchange or quotation system on which Common Stock is listed or quoted or the applicable laws and rules of any foreign country or other jurisdiction where Options are granted."

2. The Amendment is to be read and construed with the Plan as constituting one and the same agreement. Except as specifically modified herein, the Plan shall continue in full force and effect in accordance with all of the terms and conditions thereof.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer this 27th day of April, 2023.

KELLOGG COMPANY:

By: /s/ Melissa Howell
Name: Melissa Howell
Title: Chief Global Human Resources Officer

Signature Page to Amendment to Amended and Restated Kellogg Company 2002 Employee Stock Purchase Plan (Effective January 1, 2021)

Exhibit 31.1

CERTIFICATION

I, Steven A. Cahillane, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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(s) 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(s) 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
Chairman and Chief Executive Officer

Date: August 3, 2023

Exhibit 31.2

CERTIFICATION

I, Amit Banati, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 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(s) 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(s) 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/ Amit Banati

Vice Chairman and Chief Financial Officer

Date: August 3, 2023

Exhibit 32.1

SECTION 1350 CERTIFICATION

I, Steven A. Cahillane, 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 Quarterly Report on Form 10-Q of Kellogg Company for the quarter ended July 1, 2023 (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: Chairman and 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: August 3, 2023

Exhibit 32.2

SECTION 1350 CERTIFICATION

I, Amit Banati, 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 Quarterly Report on Form 10-Q of Kellogg Company for the quarter ended July 1, 2023 (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/ Amit Banati

Name:	Amit Banati
Title:	Vice Chairman 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: August 3, 2023