



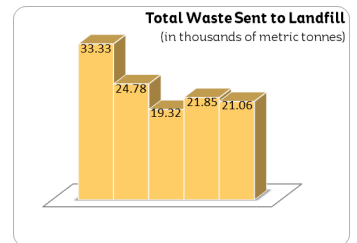
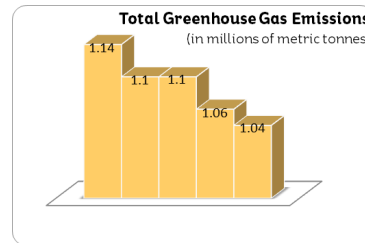
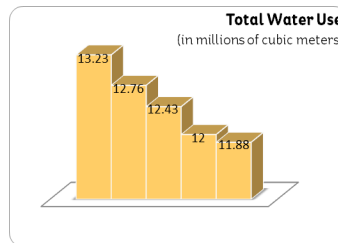
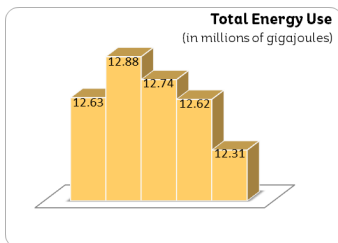
ENVIRONMENTAL SUSTAINABILITY



As a global food company, Kellogg has a stake in ensuring a healthy environment and abundant natural resources for generations to come. Each Kellogg plant around the world has reduction goals for energy use, greenhouse gas emissions, water use and waste sent to landfill, and Kellogg GoGreen employee teams sponsor events and activities that, along with our corporate-wide initiatives, help our company progress toward these important environmental goals.

REDUCTIONS IN ENERGY AND WATER USE, GHG EMISSIONS AND WASTE-TO-LANDFILL

As part of our continued commitment to sustainable practices, we have set companywide goals for lowering our energy use, greenhouse gas emissions and water use by 15 to 20 percent (per metric tonne of food produced) from 2005 to 2015. We also set a new goal to reduce our waste to landfill a further 20 percent (per metric tonne of food produced) from 2009 to 2015, after exceeding our initial 20 percent reduction target within two years. We have made the following progress toward these goals from 2008 to 2012:



AWARDS & RECOGNITIONS

- Forbes Magazine: World's 100 "Most Reputable Companies"
- Forbes Magazine: World's 100 "Most Innovative Companies"
- Fortune Magazine: "World's Most Admired Companies"
- Ethisphere Institute: "World's Most Ethical Companies"
- Corporate Responsibility: "100 Best Corporate Citizens List"
- Newsweek : 2012 "Green Rankings" (both U.S. and global)

Seven of our U.S. bakeries earned the U.S. Environmental Protection Agency's Energy Star certification for best-in-class energy performance, placing them in the top 25 percent of similar facilities nationwide for energy efficiency. For the third year in a row, these Energy Star-certified bakeries include our facilities in Augusta, Georgia; Cary, North Carolina; Charlotte, North Carolina; Cincinnati, Ohio; Columbus, Georgia; Florence, Kentucky; and Louisville, Kentucky.

SUSTAINABILITY SUCCESSES

- Our contracted transport for the U.S. has shown dramatic reductions in GHG emissions per outbound case—more than 50 percent since 2005. The primary driver behind these improvements is the use of "intermodal" shipping—in particular, the combination of truck and rail shipping, which is useful and fuel-efficient for transportation across long distances.
- We are one of the ten founding members of AMERIPEN—the American Institute for Packaging and the Environment—working to promote sustainable packaging. In 2012, 84 percent of our food cartons globally were made from recycled fiber content. Among our innovations last year was the stand-up cereal bag (without any external box) that reduced packaging material by 80 percent compared to the bag-in-box version.

SUSTAINABLE AGRICULTURE

- Although we are a global company with a global supply chain, most of our ingredients are grown and sourced in the same regions as the manufacturing plants that make our popular foods. Our sustainable agriculture efforts focus on the crops we use most (rice, corn and wheat). Increasingly, we are working directly with our suppliers and growers to communicate our sustainability expectations. In Louisiana, we are working closely with rice farmers, the Louisiana Rice Mill and Louisiana State University (LSU) Ag Center to create a Rice Master Grower program.
- For the past several years, Kellogg has also been a member and funder of Field to Market: The Keystone Alliance for Sustainable Agriculture, a multi-stakeholder dialogue group that brings together growers, businesses and conservation groups to continuously improve commodity crop agricultural practices.
- Because our products depend directly on the quality and characteristics of particular grains, Kellogg has for years been promoting the breeding of new and improved varieties. We support breeding work at Michigan State University seeking to improve the disease resistance and pre-harvest sprouting of soft white wheat, and we support research at the University of Illinois to improve the nutritional profile of corn.
- Additionally, although we are a very small user, we are concerned about the sustainable production of palm oil. To help growers fund the transition to sustainable palm oil, we again purchased GreenPalm certificates in 2012 to cover 100 percent of our current palm oil use.

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