KELLOGG CO
Form 11-K
June 28, 2013
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS

AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission File No.: 001-04171

A. FULL TITLE OF THE PLAN AND THE ADDRESS OF THE PLAN, IF DIFFERENT FROM THAT OF THE ISSUER NAMED BELOW:

Kellogg Company Savings and Investment Plan

B. NAME OF ISSUER OF THE SECURITIES HELD PURSUANT TO THE PLAN AND THE ADDRESS OF ITS PRINCIPAL EXECUTIVE OFFICE:

Kellogg Company

One Kellogg Square

Battle Creek, Michigan 49016-3599

Table of Contents

Kellogg Company

Savings and Investment Plan

Financial Statements and

Supplemental Schedule

December 31, 2012 and 2011

Table of Contents

Kellogg Company

Savings and Investment Plan

Index

Note: Other schedules required by Section 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the

Kellogg Company Savings

and Investment Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Kellogg Company Savings and Investment Plan (the Plan) at December 31, 2012 and 2011, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan

June 28, 2013

Table of Contents

Kellogg Company

Savings and Investment Plan

Statements of Net Assets Available for Benefits

as of December 31, 2012 and 2011

	2012	2011
Assets		
Plan s interest in Master Trust at fair value	$ 1,229,070,183	$ 1,100,221,017
Receivables		
Employer contribution		839,159
Employee contribution		1,670,984
Notes receivable from participants	21,296,501	19,804,029
Total assets	1,250,366,684	1,122,535,189
Liabilities		
Accrued financial advisory fees	174,768	176,380
Accrued administrative service fees	216,004	163,090
Accrued trustee fees	29,479	168,258
Total liabilities	420,251	507,728
Net assets available for benefits at fair value	1,249,946,433	1,122,027,461
Adjustment from fair value to contract value for interest in Master Trust related to fully benefit-responsive investment contracts	(12,912,035)	(9,423,665)
Net assets available for benefits	$ 1,237,034,398	$ 1,112,603,796

The accompanying notes are an integral part of these financial statements.

Table of Contents

Kellogg Company

Savings and Investment Plan

Statements of Changes in Net Assets Available for Benefits

for the Years Ended December 31, 2012 and 2011

	2012	2011
Contributions		
Employer	$ 30,416,487	$ 26,327,993
Employee	62,399,854	57,054,480
Rollovers from other qualified plans	3,805,824	3,572,987
Total contributions	96,622,165	86,955,460
Earnings (loss) on investments		
Plan s interest in income (loss) of Master Trust	126,864,541	(5,087,413)
Redemption fees	(7,915)	(33,275)
Total earnings (loss) on investments, net	126,856,626	(5,120,688)
Interest income on notes receivable from participants	865,104	838,113
Participant withdrawals	(97,876,659)	(84,766,118)
Trustee fees	(54,210)	(141,806)
Administrative fees	(1,187,477)	(1,066,345)
Financial advisory fees	(794,947)	(765,043)
Net increase (decrease)	124,430,602	(4,066,427)
Net assets available for benefits		
Beginning of year	1,112,603,796	1,116,670,223
End of year	$ 1,237,034,398	$ 1,112,603,796

The accompanying notes are an integral part of these financial statements.

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

1. Summary of Significant Accounting Policies

Basis of accounting

The Kellogg Company Savings and Investment Plan (the Plan) operates as a qualified defined contribution plan and was established under Section 401(k) of the Internal Revenue Code. The Plan s financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The accounts of the Plan are maintained on the accrual basis. Expenses of administration are paid by the Plan.

Recent accounting pronouncements

In May 2011, the FASB issued a new accounting standard intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. The amendments are of two types: (i) those that clarify the Board s intent about the application of existing fair value measurement and disclosure requirements and (ii) those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. It introduced additional disclosures focused primarily on Level 3 fair value measurements, including quantitative information about significant unobservable inputs used, a description of the valuation processes in place, and a qualitative discussion about the sensitivity of recurring Level 3 fair value measurements. This guidance was adopted by the Plan on January 1, 2012. The adoption of this guidance did not have a material impact on the Plan s financial statements.

Investment valuation and income recognition

The Plan s investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. See Note 6 for discussion.

The Plan s interest in income (loss) of the Kellogg Company Master Trust (the Master Trust), which consists primarily of the realized gains or losses on the fair value of the Master Trust investments and the unrealized appreciation (depreciation) on those investments, is included in the statement of changes in net assets available for benefits.

Guaranteed investment contracts

The Plan periodically enters into benefit-responsive investment contracts for which Dwight Asset Management has oversight. The contributions are maintained in a general account with each contract issuer. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuers are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. The statement of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

4

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

Contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the fully benefit responsive guaranteed investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Plan by Dwight Asset Management, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but it may not be less than zero percent. Such interest rates are reviewed on a monthly basis for resetting.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) bankruptcy of the Plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (3) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the Employee Retirement Income Security Act of 1974 (ERISA). The Plan administrator does not believe that the occurrence of any such event, which would limit the Plan s ability to transact at contract value with participants, is probable.

Except for the above, the guaranteed investment contracts do not permit the contract issuers to terminate the agreement prior to the scheduled maturity date at an amount different from contract value.

	2012	2011
Average yields		
Based on actual earnings	3.04%	3.38%
Based on interest rate credited to participants	2.18%	2.27%

Allocation of net investment income to participants

Net investment income is allocated to participant accounts daily, in proportion to their respective ownership on that day.

Participant withdrawals

Benefit payments to participants are recorded when paid.

Risks and uncertainties

The Plan provides for various investment options in several investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect participants account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with GAAP requires the Plan s management to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements and changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

Master Trust

Assets of the Plan are co-invested with the assets of other defined contribution plans sponsored by the Kellogg Company (the Company) in a commingled investment fund known as the Master Trust for which BNY Mellon Corporation serves as the trustee.

Valuation of net investment in Master Trust

The Plan s allocated share of the Master Trust s net assets and investment activities is based upon the total of each individual participant s share of the Master Trust. The Plan s net interest in the Master Trust is equal to the net investment in the Master Trust at fair value plus the adjustments from fair value to contract value related to fully benefit-responsive investment contracts on the statement of net assets available for benefits.

Investment transactions and investment income from the Master Trust

An investment transaction is accounted for on the date the purchase or sale is executed. Dividend income is recorded on the ex-dividend date; interest income is recorded as earned on an accrual basis.

In accordance with the policy of stating investments at fair value, the net appreciation (depreciation) in the fair value of investments reflects both realized gains or losses and the change in the unrealized appreciation (depreciation) of investments held at year-end. Realized gains or losses from security transactions are reported on the average cost method.

2. Provisions of the Plan

The following description of the Plan is provided for general information purposes only. Participants should refer to the Plan document for a more comprehensive description of the Plan s provisions.

Plan administration

The Plan is administered by the ERISA Finance Committee and the ERISA Administrative Committee appointed by Kellogg Company.

The ERISA Finance Committee has appointed Financial Engines Advisors L.L.C. to provide financial advisory services to the Plan and participants not under a collectively bargained agreement.

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

Redemption fees

The Plan charges a 2 percent redemption fee for transfers and/or reallocations of units that have been in a fund for less than five business days. Fees collected are used to help offset trustee expenses.

Plan participation and contributions

Generally, all salaried employees and non-union hourly employees of the Company and its U.S. subsidiaries, and certain union hourly employees covered by a collective bargaining agreement, are eligible to participate in the Plan on the date of hire.

Subject to limitations prescribed by the Internal Revenue Service, participants may elect to contribute from 1 percent to 50 percent of their annual wages. Participants were eligible to defer up to $17,000 and $16,500 in 2012 and 2011 respectively. Participants who have attained age 50 before the end of the year are eligible to make catch-up contributions of up to $5,500 in 2012 and 2011. Contributions made by salaried and non-union hourly employees are matched by the Company at a 100 percent rate on the first 3 percent and a 50 percent rate on the next 2 percent with 12.5 percent of the Company match restricted for investment in Kellogg Company Stock. Union hourly employees covered by a collective bargaining agreement may have a different or no Company match. Please refer to the Plan document for additional information. Employees may contribute to the Plan from their date of hire; however, applicable contributions are not matched by the Company until the participant has completed one year of service.

Employer matching contributions held in Kellogg Company Stock can be transferred by a participant at any time to any other investment fund available under the Plan.

Plan participants may elect to invest the contributions to their accounts as well as their account balances in various equity, bond, fixed income or Kellogg Company stock funds or a combination thereof in multiples of 1 percent. Each participant s account is credited with the participant s contribution and (a) the Company s contribution and (b) Plan earnings, and charged with an allocation of administrative and trust expenses. Allocations are based on participant earnings or account balances, as defined.

In addition to the Company contribution described above, employees hired, rehired or who became eligible for the Plan on or after January 1, 2010 , who are not covered by a collective bargaining agreement and who are not eligible to participate in the Kellogg Company Pension Plan will receive a service-based, non-elective Company contribution (Retirement Contribution). The Retirement Contribution is made each pay period, and is based on the employee s years of service with the Company, as follows:

3 percent of base pay for service up to 10 years

5 percent of base pay for service of 10 years up to 20 years

7 percent of base pay for service of 20 years or more

The Retirement Contribution begins on the eligible employee s date of hire. Please refer to the Plan document for additional information.

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

Vesting

Participant account balances are fully vested with regards to participant contributions and the Company matching contributions. The Retirement Contribution will become fully vested upon completion of three years of service. At December 31, 2012 and 2011 forfeited non-vested balances totaled $321,183 and $403,956 respectively. Consistent with the Plan document, the amounts forfeited in 2011 were used to reduce Retirement Contributions in 2012; amounts forfeited in 2012 will be used to pay administrative expenses of the Plan or reduce future Retirement Contributions. In 2012, Retirement Contributions were reduced by $781,380 from forfeited non-vested accounts. In 2011, there were no forfeitures used.

Notes receivable from participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance. Participants may have only one loan outstanding at any time. Loan transactions are treated as transfers between the Loan Fund and the other funds. Loan terms range from 12 to 60 months, except for principal residence loans, which must be repaid within 15 years. Interest is paid at a constant rate equal to one percent over the prime rate in the month the loan begins. Principal and interest are paid ratably through payroll deductions. Loans that are uncollectible are defaulted resulting in the outstanding principal being considered a deemed distribution.

Participant distributions

Participants may request an in-service withdrawal of all or a portion of certain types of contributions under standard in-service withdrawal rules. The withdrawal of any participant contributions which were not previously subject to income tax is restricted by Internal Revenue Service regulations.

Participants who terminate employment before retirement, by reasons other than death or disability, may remain in the Plan or receive payment of their account balances in a lump sum. If the account balance is $1,000 or less, the terminated participant will receive the account balance in a lump sum.

Dependent on employment history, a participant can receive a distribution from the Plan due to retirement either: on or after the date the participant is classified as retired under an applicable defined benefit plan sponsored by the Company in which the Plan participant is a participant or where the Plan participant is not a participant in any defined benefit plan sponsored by the Company, on or after the date he attains age 55 after having completed at least 5 years of service. Upon retirement, disability, or death, a participant s account balance may be received in a lump sum or installment payments.

Termination

While the Company has expressed no intentions to do so, the Plan may be terminated at any time. In the event of Plan termination, participants will become fully vested in their accounts. After payment of all expenses, at the discretion of the employer, each participant and each beneficiary of a deceased participant will either (a) receive his entire accrued benefit as soon as reasonably possible, provided that the employer does not maintain or establish another defined contribution plan as of the date of termination, or (b) have an annuity purchased through an insurance carrier on his behalf funded by the amount of his entire accrued benefit.

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

3. Income Tax Status

The Plan administrator has received a favorable letter from the Internal Revenue Service dated March 18, 2004 regarding the Plan s qualification under applicable income tax regulations. The Plan has been amended since receiving the determination letter and has filed for an updated determination letter on January 31, 2011. The Plan administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012 and 2011, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

4. Related Party Transactions

Certain investments held in the Master Trust are shares of Kellogg Company common stock and short term investment funds managed by BNY Mellon Corporation. Kellogg Company is the Plan sponsor, and BNY Mellon Corporation is the trustee as defined by the Plan and, therefore, these transactions, as well as participant loans, qualify as exempt party-in-interest transactions.

5. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2012 and 2011 to Form 5500.

	2012	**2011**
Net assets available for benefits per the financial statements	$ 1,237,034,398	$ 1,112,603,796
Adjustment from fair value to contract value for interest in Master Trust related to fully benefit-responsive investment contracts (Note 1)	12,912,035	9,423,665
Net assets available for benefits per the Form 5500	$ 1,249,946,433	$ 1,122,027,461

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

The following is a reconciliation of the Plan s interest in income of Master Trust per the financial statements for the year ended December 31, 2012 to Form 5500.

	2012
Plan s interest in income of Master Trust per the financial statements	$ 126,864,541
Less:	
Redemption fees	(7,915)
Trustee, administrative and financial advisory fees	(2,036,634)
Change in adjustment from fair value to contract value for interest in Master Trust related to fully benefit-responsive investment contracts (Note 1)	3,488,370
Net investment gain from Master Trust investment accounts per the Form 5500	$ 128,308,362

6. Fair Value Measurements

The Plan s assets are categorized using a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;

- quoted prices for identical or similar assets or liabilities in inactive markets;

inputs other than quoted prices that are observable for the asset or liability; and

inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

10

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

The asset or liability s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Money market funds: Valued using amortized cost, which approximates fair value.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Master Trust at year end.

Guaranteed investment contracts: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer (See Note 1). The fair value of each synthetic GIC contract is calculated based on the fair value of the investments underlying the contract. The fair value of the underlying investments is valued based on a quoted exchange, matrices, or models from pricing vendors. These underlying assets primarily consist of U.S. treasuries, Level 1; corporate debt, government agency debt, collective trusts and investment funds and mortgage-backed securities, Level 2; and wrapper contracts, Level 3. Government agency debt and corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issues with similar credit ratings. Mortgage-backed securities are valued based on valuation models. Collective trust and investment funds consist of term funds and bond funds. They are valued at the NAV based on information reported by the investment advisor using the audited financial statements of the funds at year end. The underlying investments consist primarily of debt investment securities. The fair value of each synthetic GIC wrapper is calculated by discounting the difference between the fair value of the underlying assets and the fair value of the current annual fee multiplied by the notional dollar amount of the contract.

Commingled funds: Valued at the NAV based on information reported by the investment advisor using the audited financial statements of the funds at year end. The underlying investments correspond with that of the S&P 500 index.

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

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

The Plan s practice regarding the timing of transfers between levels is to measure transfers in at the beginning of the month and transfers out at the end of the month. For the year ended December 31, 2012 and 2011, the Plan had no transfers between Levels 1, 2 or 3.

The following tables set forth by level, within the fair value hierarchy, the Kellogg Company Master Trust assets at fair value as of December 31, 2012 and 2011.

	Assets at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Money market funds	$	$ 23,393,455	$	$ 23,393,455
Mutual funds:				
Domestic equity		332,060,880		332,060,880
International equity		147,323,439		147,323,439
Domestic debt		197,863,269		197,863,269
Commingled funds - domestic equity index		236,168,807		236,168,807
Common stock - Kellogg Company	123,836,764			123,836,764
Synthetic guaranteed investment contracts:				
Cash and cash equivalents	3,210,427	8,062,394		11,272,821
Collective trusts and investment fund		466,920,619		466,920,619
Domestic corporate debt		42,507,419		42,507,419
International corporate debt		12,273,749		12,273,749
Domestic government securities	56,574,441	3,249,080		59,823,521
International government securities		756,554		756,554
Mortgage backed securities		30,696,907		30,696,907
Other		6,420,012	407,015	6,827,027
Guaranteed investment contracts			12,208,688	12,208,688
	$ 183,621,632	$ 1,507,696,584	$ 12,615,703	$ 1,703,933,919

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

	Assets at Fair Value as of December 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$	$ 31,809,499	$	$ 31,809,499
Mutual funds:				
Domestic equity		293,707,678		293,707,678
International equity		120,032,041		120,032,041
Domestic debt		149,758,584		149,758,584
Commingled funds - domestic equity index		207,511,244		207,511,244
Common stock - Kellogg Company	117,759,881			117,759,881
Synthetic guaranteed investment contracts:				
Cash and cash equivalents	9,230,579	8,568,998		17,799,577
Collective trusts and investment fund		464,428,354		464,428,354
Domestic corporate debt		40,949,236		40,949,236
International corporate debt		13,471,975		13,471,975
Domestic government securities	41,421,546	11,601,645		53,023,191
International government securities		735,319		735,319
Mortgage backed securities		24,107,231		24,107,231
Other		4,259,959	375,959	4,635,918
Guaranteed investment contracts			24,294,676	24,294,676
	$ 168,412,006	$ 1,370,941,763	$ 24,670,635	$ 1,564,024,404

Net asset value and fair value were equal for investments included in the previous tables. Additionally, there were no unfunded commitments to purchase investments at December 31, 2012 and 2011. The Plan s ability to redeem guaranteed investment contracts at fair value is restricted in certain circumstances as described in Note 1. There are no such restrictions on redemption of other Plan investments. Commingled funds and collective trusts and investment funds allow redemptions by the Plan at the end of every business day.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

Guaranteed investment contracts are valued at fair value by the insurance company by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer (see Note 1). Since the participants transact at contract value, fair value is determined annually for financial statement reporting purposes only. In determining the reasonableness of the methodology, the Company evaluates a variety of factors including review of existing contracts, economic conditions, industry and market developments, and overall credit ratings. Certain unobservable inputs are assessed through review of contract terms (for example, yield or payout date) while others are substantiated utilizing available market data (for example, swap curve rate).

The following table represents the Plan s Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the values for those inputs. The significant unobservable inputs used in the fair value measurements of the Plan s guaranteed investment contracts are the swap rates and the current

13

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

yield. A significant increase in the swap rate in isolation would result in a significantly lower fair value measurement, while a significant increase in the current yield in isolation would result in a significantly higher fair value measurement. For additional information on Guaranteed Investment Contracts see Note 1.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Value
Guaranteed Investment Contract			Current Yield	5.7%
			Maturity Date	10/15/2013
	$ 12,208,688	Discounted Cash Flow	Swap Rate	0.84%

Level 3 gains and losses

The following tables set forth a summary of changes in the fair value of the Master Trust and Plan s Level 3 assets for the years ended December 31, 2012 and 2011.

		Level 3 Assets Year Ended December 31, 2012 Guaranteed Investment Contracts & Other
Balance, beginning of year	$	24,670,635
Purchases		
Sales		(12,229,059)
Realized gain		50,642
Unrealized gain		123,485
Balance, end of year	$	12,615,703

Level 3 Assets
Year Ended December 31, 2011
Guaranteed Investment Contracts

		& Other
Balance, beginning of year	$	25,559,615
Purchases		
Sales		
Unrealized loss		(888,980)
Balance, end of year	$	24,670,635

Unrealized gains/(losses) from the guaranteed investment contracts are not included in the statement of changes in net assets available for benefits as the contract is recorded at contract value for purposes of the net assets available for benefits.

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

7. Kellogg Company Master Trust

The Plan has an interest in the net assets held in the Master Trust in which interests are determined on the basis of cumulative funds specifically contributed on behalf of the Plan adjusted for an allocation of income. Such income allocation is based on the Plan s funds available for investment during the year.

Kellogg Company Master Trust net assets at December 31, 2012 and 2011 and the changes in net assets for the years ended December 31, 2012 and December 31, 2011 are as follows:

Kellogg Company Master Trust

Schedule of Net Assets of Master Trust Investment Accounts

	2012	2011
General Investments at fair value		
Money Market Funds	$ 23,393,455	$ 31,809,499
Common Stock - Kellogg Company	123,836,764	117,759,881
Commingled Funds	236,168,807	207,511,244
Mutual Funds	677,247,588	563,498,303
Guaranteed Investment Contracts	643,287,305	643,445,477
Total general investments	1,703,933,919	1,564,024,404
Receivables for securities sold	935,062	
Other receivables	980,907	997,942
Total assets	1,705,849,888	1,565,022,346
Payable for securities purchased	(2,009,609)	
Other payables	(588,454)	(2,901,931)
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(23,202,218)	(16,827,974)
Net Assets	$ 1,680,049,607	$ 1,545,292,441
Percentage interest held by the Plan	72.4%	70.6%

Table of Contents

Kellogg Company

Savings and Investment Plan

Notes to Financial Statements

December 31, 2012 and 2011 and

for the Years Ended December 31, 2012 and 2011

Kellogg Company Master Trust

Schedule of Changes in Net Assets of Master Trust Investment Accounts

	2012	2011
Earnings on investments		
Interest	$ 14,887,487	$ 15,037,226
Dividends	19,077,729	16,466,943
Net appreciation (depreciation) in fair value of investments		
Common Stock - Kellogg Company	12,122,683	(909,736)
Commingled Funds	33,164,301	4,888,248
Mutual Funds	80,248,355	(33,329,335)
Net appreciation (depreciation)	125,535,339	(29,350,823)
Total additions	159,500,555	2,153,346
Net transfer of assets out of investment account	(23,025,025)	(30,487,529)
Fees and commissions	(1,718,364)	(1,974,735)
Total distributions	(24,743,389)	(32,462,264)
Net change in net assets	134,757,166	(30,308,918)
Net assets		
Beginning of year	1,545,292,441	1,575,601,359
End of year	$ 1,680,049,607	$ 1,545,292,441

Table of Contents

Kellogg Company

Savings and Investment Plan

Schedule H, line 4i Schedule of Assets (Held at End of Year)

as of December 31, 2012

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(e) Current Value
	Plan s interest in Master Trust at fair value		$ 1,229,070,183
*	Participants	Loans, interest ranging from 4.24% to 9.76%, with due dates at various times through May 28, 2027.	$ 21,296,501

* Parties-in-interest

17

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

KELLOGG COMPANY SAVINGS AND INVESTMENT PLAN

Date: June 28, 2013

By: /s/ Ronald L. Dissinger
Name: Ronald L. Dissinger
Title: Senior Vice President and Chief Financial Officer,

Kellogg Company

Table of Contents

EXHIBIT INDEX

Exhibit Number	Document
23.1	Consent of Independent Registered Public Accounting Firm