

KELLOGG CO
Form 10-Q
August 10, 2015
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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 4, 2015
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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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 August 1, 2015 — 353,581,043 shares

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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 4, 2015 (unaudited)	January 3, 2015 *
Current assets		
Cash and cash equivalents	\$294	\$443
Accounts receivable, net	1,420	1,276
Inventories:		
Raw materials and supplies	318	327
Finished goods and materials in process	893	952
Deferred income taxes	161	184
Other prepaid assets	240	158
Total current assets	3,326	3,340
Property, net of accumulated depreciation of \$5,585 and \$5,526	3,624	3,769
Goodwill	4,978	4,971
Other intangibles, net of accumulated amortization of \$43 and \$43	2,266	2,295
Pension	279	250
Other assets	489	528
Total assets	\$14,962	\$15,153
Current liabilities		
Current maturities of long-term debt	\$754	\$607
Notes payable	939	828
Accounts payable	1,591	1,528
Accrued advertising and promotion	470	446
Accrued income taxes	15	39
Accrued salaries and wages	245	320
Other current liabilities	505	596
Total current liabilities	4,519	4,364
Long-term debt	5,800	5,935
Deferred income taxes	747	726
Pension liability	728	777
Nonpension postretirement benefits	69	82
Other liabilities	425	418
Commitments and contingencies		
Equity		
Common stock, \$.25 par value	105	105
Capital in excess of par value	704	678
Retained earnings	6,789	6,689
Treasury stock, at cost	(3,665)	(3,470)
Accumulated other comprehensive income (loss)	(1,281)	(1,213)
Total Kellogg Company equity	2,652	2,789
Noncontrolling interests	22	62
Total equity	2,674	2,851
Total liabilities and equity	\$14,962	\$15,153

* Condensed from audited financial statements.

Refer to Notes to Consolidated Financial Statements.

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

(Results are unaudited)	Quarter ended		Year-to-date period ended			
	July 4, 2015	June 28, 2014	July 4, 2015	June 28, 2014		
Net sales	\$3,498	\$3,685	\$7,054	\$7,427		
Cost of goods sold	2,257	2,274	4,568	4,512		
Selling, general and administrative expense	829	944	1,690	1,834		
Operating profit	412	467	796	1,081		
Interest expense	58	50	112	102		
Other income (expense), net	(46)3	(72)13		
Income before income taxes	308	420	612	992		
Income taxes	85	122	161	287		
Earnings (loss) from joint ventures	(1)(3)	(2)(4)
Net income	\$222	\$295	\$449	\$701		
Net income (loss) attributable to noncontrolling interests	(1)—	(1)—		
Net income attributable to Kellogg Company	\$223	\$295	\$450	\$701		
Per share amounts:						
Basic	\$0.63	\$0.82	\$1.27	\$1.95		
Diluted	\$0.63	\$0.82	\$1.26	\$1.94		
Dividends per share	\$0.49	\$0.46	\$0.98	\$0.92		
Average shares outstanding:						
Basic	353	359	354	360		
Diluted	355	362	356	362		
Actual shares outstanding at period end			353	360		