

APPENDICES: Kellogg Company Q1 2016 Financial Results Presentation

May 5, 2016

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For more information on the reconciling items in the tables listed above, please refer to the Significant items impacting comparability section.

Kellogg Company and Subsidiaries
Reconciliation of As Reported Results to Currency-Neutral Comparable Results

Exhibit 1

Quarter ended	April 2, 2016				April 4, 2015			
(Results are unaudited)	As reported	Comparable adjustments	Currency-neutral comparable	Currency-neutral comparable excluding Venezuela	As reported	Comparable adjustments	Currency-neutral comparable	Currency-neutral comparable excluding Venezuela
Net sales	\$ 3,395	\$ (401)	\$ 3,796	\$ 3,444	\$ 3,556	\$ (5)	\$ 3,561	\$ 3,480
Cost of goods sold	2,150	(125)	2,275	2,133	2,311	103	2,208	2,148
Selling, general and administrative expense	807	(3)	810	787	861	35	826	817
Operating profit	438	(273)	711	524	384	(143)	527	515
Interest expense	217	148	69	65	54	—	54	54
Other income (expense), net	—	(5)	5	2	(26)	(25)	(1)	—
Income (loss) before income taxes	221	(426)	647	461	304	(168)	472	461
Income taxes	47	(128)	175	115	76	(44)	120	117
Earnings (loss) from unconsolidated entities	1	—	1	1	(1)	—	(1)	(1)
Net income (loss)	\$ 175	\$ (298)	\$ 473	\$ 347	\$ 227	\$ (124)	\$ 351	\$ 343
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—
Net income (loss) attributable to Kellogg Company	\$ 175	\$ (298)	\$ 473	\$ 347	\$ 227	\$ (124)	\$ 351	\$ 343
Per share amounts:								
Basic	\$ 0.50	\$ (0.85)	\$ 1.35	\$ 0.99	\$ 0.64	\$ (0.35)	\$ 0.99	\$ 0.97
Diluted	\$ 0.49	\$ (0.84)	\$ 1.33	\$ 0.98	\$ 0.64	\$ (0.34)	\$ 0.98	\$ 0.96
Average shares outstanding:								
Basic	351		351	351	355		355	355
Diluted	355		355	355	357		357	357

Kellogg Company and Subsidiaries
Supplement to Reconciliation of As Reported Results to Currency-Neutral Comparable Results

Exhibit 2

Quarter ended April 2, 2016

(Results are unaudited)	Mark-to-market	Project K and cost reduction activities	Other costs impacting comparability	Integration costs and acquisitions/divestitures	Shipping day differences	Venezuela remeasurement	Foreign currency impact	Comparable adjustments
Net sales	\$ —	\$ —	\$ —	\$ 15	\$ —	\$ —	\$ (416)	\$ (401)
Cost of goods sold	25	18	—	12	—	5	(185)	(125)
Selling, general and administrative expense	(1)	34	—	3	—	1	(40)	(3)
Operating profit	(24)	(52)	—	—	—	(6)	(191)	(273)
Interest expense	—	—	153	—	—	—	(5)	148
Other income (expense), net	—	—	—	—	—	—	(5)	(5)
Income (loss) before income taxes	(24)	(52)	(153)	—	—	(6)	(191)	(426)
Income taxes	(5)	(9)	(54)	(1)	—	—	(59)	(128)
Net income (loss)	\$ (19)	\$ (43)	\$ (99)	\$ 1	\$ —	\$ (6)	\$ (132)	\$ (298)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—
Net income (loss) attributable to Kellogg Company	\$ (19)	\$ (43)	\$ (99)	\$ 1	\$ —	\$ (6)	\$ (132)	\$ (298)
Per share amounts:								
Basic	\$ (0.06)	\$ (0.12)	\$ (0.28)	\$ —	\$ —	\$ (0.02)	\$ (0.37)	\$ (0.85)
Diluted	\$ (0.06)	\$ (0.12)	\$ (0.28)	\$ —	\$ —	\$ (0.02)	\$ (0.36)	\$ (0.84)

Quarter ended April 4, 2015

(Results are unaudited)	Mark-to-market	Project K and cost reduction activities	Other costs impacting comparability	Integration costs and acquisitions/divestitures	Shipping day differences	Venezuela remeasurement	Foreign currency impact	Comparable adjustments
Net sales	\$ —	\$ (2)	\$ —	\$ —	\$ (3)	\$ —	\$ —	\$ (5)
Cost of goods sold	68	32	—	6	(3)	—	—	103
Selling, general and administrative expense	(1)	34	—	2	—	—	—	35
Operating profit	(67)	(68)	—	(8)	—	—	—	(143)
Interest expense	—	—	—	—	—	—	—	—
Other income (expense), net	—	—	(25)	—	—	—	—	(25)
Income (loss) before income taxes	(67)	(68)	(25)	(8)	—	—	—	(168)
Income taxes	(21)	(21)	—	(2)	—	—	—	(44)
Net income (loss)	\$ (46)	\$ (47)	\$ (25)	\$ (6)	\$ —	\$ —	\$ —	\$ (124)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	—
Net income (loss) attributable to Kellogg Company	\$ (46)	\$ (47)	\$ (25)	\$ (6)	\$ —	\$ —	\$ —	\$ (124)
Per share amounts:								
Basic	\$ (0.13)	\$ (0.13)	\$ (0.07)	\$ (0.02)	\$ —	\$ —	\$ —	\$ (0.35)
Diluted	\$ (0.13)	\$ (0.13)	\$ (0.07)	\$ (0.01)	\$ —	\$ —	\$ —	\$ (0.34)

Kellogg Company and Subsidiaries
Project K and cost reduction activities
(Pre-tax millions)

Exhibit 3

	Quarter ended April 2, 2016			
	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total
2016				
U.S. Morning Foods	\$ —	\$ —	\$ 5	\$ 5
U.S. Snacks	—	7	13	20
U.S. Specialty	—	—	2	2
North America Other	—	5	4	9
Europe	—	6	8	14
Asia Pacific	—	—	—	—
Corporate	—	—	2	2
Total	\$ —	\$ 18	\$ 34	\$ 52
	Quarter ended April 4, 2015			
	Net Sales	Cost of goods sold	Selling, general and administrative expense	Total
2015				
U.S. Morning Foods	\$ —	\$ 5	\$ 3	\$ 8
U.S. Snacks	—	5	4	9
U.S. Specialty	—	—	1	1
North America Other	2	2	2	6
Europe	—	16	3	19
Asia Pacific	—	4	1	5
Corporate	—	—	20	20
Total	\$ 2	\$ 32	\$ 34	\$ 68

Kellogg Company and Subsidiaries
Integration and acquisitions/divestitures
(Pre-tax millions)

Exhibit 4

		Quarter ended April 2, 2016			
		Net Sales	Cost of goods sold	Selling, general and administrative expense	Total
2016					
	North America Other	\$ (1)	\$ 1	\$ —	\$ —
	Europe	(14)	11	3	—
	Asia Pacific	—	—	—	—
	Total	<u>\$ (15)</u>	<u>\$ 12</u>	<u>\$ 3</u>	<u>\$ —</u>
		Quarter ended April 4, 2015			
		Net Sales	Cost of goods sold	Selling, general and administrative expense	Total
2015					
	North America Other	\$ —	\$ —	\$ —	\$ —
	Europe	\$ —	\$ 3	\$ 2	\$ 5
	Asia Pacific	—	3	—	3
	Total	<u>\$ —</u>	<u>\$ 6</u>	<u>\$ 2</u>	<u>\$ 8</u>

Kellogg Company and Subsidiaries
Venezuela remeasurement
(Pre-tax millions)

Exhibit 5

		Quarter ended April 2, 2016			
		Cost of goods sold	Selling, general and administrative expense	Other (income) expense	Total
2016					
	Latin America	\$ 5	\$ 1	\$ —	\$ 6
	Corporate	—	—	—	—
	Total	\$ 5	\$ 1	\$ —	\$ 6
		Quarter ended April 4, 2015			
		Cost of goods sold	Selling, general and administrative expense	Other (income) expense	Total
2015					
	Latin America	\$ —	\$ —	\$ —	\$ —
	Corporate	—	—	—	—
	Total	\$ —	\$ —	\$ —	\$ —

Kellogg Company and Subsidiaries
Reconciliation of Non-GAAP Amounts - Segment Net Sales Performance - QTR

Exhibit 6

Quarter ended April 2, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	\$ 767	\$ 832	\$ 376	\$ 414	\$ 2,389	\$ 598	\$ 192	\$ 216	\$ —	\$ 3,395
Project K and cost reduction activities	—	—	—	—	—	—	—	—	—	—
Integration costs and acquisitions/divestitures	—	—	—	1	1	14	—	—	—	15
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Comparable net sales	\$ 767	\$ 832	\$ 376	\$ 413	\$ 2,388	\$ 584	\$ 192	\$ 216	\$ —	\$ 3,380
Comparable net sales excluding Venezuela							\$ 183			\$ 3,371
Foreign currency impact	—	—	—	(11)	(11)	(21)	(369)	(15)	—	(416)
Currency-neutral comparable net sales	\$ 767	\$ 832	\$ 376	\$ 424	\$ 2,399	\$ 605	\$ 561	\$ 231	\$ —	\$ 3,796
Currency-neutral comparable net sales excluding Venezuela							\$ 209			\$ 3,444

Quarter ended April 4, 2015

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported net sales	\$ 776	\$ 854	\$ 361	\$ 433	\$ 2,424	\$ 607	\$ 295	\$ 230	\$ —	\$ 3,556
Project K and cost reduction activities	—	—	—	(2)	(2)	—	—	—	—	(2)
Integration costs and acquisitions/divestitures	—	—	—	—	—	—	—	—	—	—
Differences in shipping days	—	—	—	—	—	(3)	—	—	—	(3)
Comparable net sales	\$ 776	\$ 854	\$ 361	\$ 435	\$ 2,426	\$ 610	\$ 295	\$ 230	\$ —	\$ 3,561
Comparable net sales excluding Venezuela							\$ 214			\$ 3,480
Foreign currency impact	—	—	—	—	—	—	—	—	—	—
Currency-neutral comparable net sales	\$ 776	\$ 854	\$ 361	\$ 435	\$ 2,426	\$ 610	\$ 295	\$ 230	\$ —	\$ 3,561
Currency-neutral comparable net sales excluding Venezuela							\$ 214			\$ 3,480

% change - 2016 vs. 2015:

As reported growth	(1.2)%	(2.6)%	4.1%	(4.5)%	(1.5)%	(1.6)%	(34.9)%	(5.8)%	—%	(4.5)%
Project K and cost reduction activities	—%	—%	—%	0.4%	—%	—%	—%	—%	—%	0.1%
Integration costs and acquisitions/divestitures	—%	—%	—%	0.1%	0.1%	2.3%	—%	(0.2)%	—%	0.4%
Differences in shipping days	—%	—%	—%	—%	—%	0.5%	—%	—%	—%	0.1%
Comparable growth	(1.2)%	(2.6)%	4.1%	(5.0)%	(1.6)%	(4.4)%	(34.9)%	(5.6)%	—%	(5.1)%
Comparable growth excluding Venezuela							(15.0)%			(3.2)%
Foreign currency impact	—%	—%	—%	(2.3)%	(0.4)%	(3.5)%	(125.2)%	(6.5)%	—%	(11.7)%
Currency-neutral comparable growth	(1.2)%	(2.6)%	4.1%	(2.7)%	(1.2)%	(0.9)%	90.3%	0.9%	—%	6.6%
Volume (tonnage)					(1.1)%	1.6%	(3.2)%	0.7%	—%	(0.7)%
Pricing/mix					(0.1)%	(2.5)%	93.5%	0.2%	—%	7.3%
Currency-neutral comparable growth excluding Venezuela							(2.0)%			(1.0)%

Kellogg Company and Subsidiaries
Reconciliation of Non-GAAP Amounts - Segment Operating Profit Performance - QTR

Exhibit 7

Quarter ended April 2, 2016

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported	\$ 148	\$ 83	\$ 86	\$ 45	\$ 362	\$ 70	\$ 23	\$ 17	\$ (34)	\$ 438
Mark-to-market	—	—	—	—	—	—	—	—	(24)	(24)
Project K and cost reduction activities	(5)	(20)	(2)	(9)	(36)	(14)	—	—	(2)	(52)
Other costs impacting comparability	—	—	—	—	—	—	—	—	—	—
Integration costs and acquisitions/divestitures	—	—	—	—	—	—	—	—	—	—
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	—	(6)	—	—	(6)
Comparable	\$ 153	\$ 103	\$ 88	\$ 54	\$ 398	\$ 84	\$ 29	\$ 17	\$ (8)	\$ 520
Comparable excluding Venezuela							\$ 24		\$ (8)	\$ 515
Foreign currency impact	—	—	—	(1)	(1)	(2)	(190)	(1)	3	(191)
Currency-neutral comparable	\$ 153	\$ 103	\$ 88	\$ 55	\$ 399	\$ 86	\$ 219	\$ 18	\$ (11)	\$ 711
Currency-neutral comparable excluding Venezuela							\$ 27		\$ (6)	\$ 524

Quarter ended April 4, 2015

(millions)	U.S. Morning Foods	U.S. Snacks	U.S. Specialty	North America Other	Total North America	Europe	Latin America	Asia Pacific	Corporate	Kellogg Consolidated
Reported	\$ 127	\$ 80	\$ 78	\$ 59	\$ 344	\$ 61	\$ 51	\$ 12	\$ (84)	\$ 384
Mark-to-market	—	—	—	—	—	—	—	—	(67)	(67)
Project K and cost reduction activities	(8)	(9)	(1)	(6)	(24)	(19)	—	(5)	(20)	(68)
Other costs impacting comparability	—	—	—	—	—	—	—	—	—	—
Integration costs and acquisitions/divestitures	—	—	—	—	—	(5)	—	(3)	—	(8)
Differences in shipping days	—	—	—	—	—	—	—	—	—	—
Venezuela remeasurement	—	—	—	—	—	—	—	—	—	—
Comparable	\$ 135	\$ 89	\$ 79	\$ 65	\$ 368	\$ 85	\$ 51	\$ 20	\$ 3	\$ 527
Comparable excluding Venezuela							\$ 37		\$ 5	\$ 515
Foreign currency impact	—	—	—	—	—	—	—	—	—	—
Currency-neutral comparable	\$ 135	\$ 89	\$ 79	\$ 65	\$ 368	\$ 85	\$ 51	\$ 20	\$ 3	\$ 527
Currency-neutral comparable excluding Venezuela							\$ 37		\$ 5	\$ 515

% change - 2016 vs. 2015:

Reported growth	17.0%	4.7%	9.5%	(24.6)%	5.2%	13.7%	(53.9)%	37.2%	59.4%	14.0%
Mark-to-market	—%	—%	—%	—%	—%	—%	—%	—%	16.5%	11.6%
Project K and cost reduction activities	3.5%	(11.8)%	(0.8)%	(6.1)%	(2.7)%	9.1%	(0.4)%	33.9%	389.6%	3.4%
Other costs impacting comparability	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Integration costs and acquisitions/divestitures	—%	—%	—%	(0.2)%	—%	7.5%	—%	11.8%	(11.6)%	1.5%
Differences in shipping days	—%	—%	—%	—%	—%	0.6%	—%	—%	—%	0.1%
Venezuela remeasurement	—%	—%	—%	—%	—%	—%	(12.8)%	—%	—%	(1.3)%
Comparable growth	13.5%	16.5%	10.3%	(18.3)%	7.9%	(3.5)%	(40.7)%	(8.5)%	(335.1)%	(1.3)%
Comparable growth excluding Venezuela							(33.4)%		(244.5)%	(0.1)%
Foreign currency impact	—%	—%	—%	(2.9)%	(0.5)%	(4.1)%	(370.1)%	(2.2)%	108.0%	(36.2)%
Currency-neutral comparable growth	13.5%	16.5%	10.3%	(15.4)%	8.4%	0.6%	329.4%	(6.3)%	(443.1)%	34.9%
Currency-neutral comparable growth excluding Venezuela							(26.7)%		(221.3)%	1.7%

Kellogg Company and Subsidiaries
Reconciliation of Non-GAAP Amounts - Reported Effective Tax Rate
to Currency-Neutral Comparable Effective Tax Rate

Exhibit 8

	Quarter ended	
	April 2, 2016	April 4, 2015
Reported effective tax rate	21.3 %	25.1 %
Mark-to-market	(0.1)%	(1.0)%
Project K and cost reduction activities	0.8 %	(0.8)%
Other costs impacting comparability	(4.9)%	1.4 %
Integration costs and acquisitions/divestitures	(0.2)%	0.1 %
Venezuela remeasurement	0.4 %	— %
Comparable effective tax rate	25.3 %	25.4 %
Comparable effective tax rate excluding Venezuela	25.2 %	25.4 %
Foreign currency impact	(1.7)%	— %
Currency-neutral comparable effective tax rate	27.0 %	25.4 %
Currency-neutral comparable effective tax rate excluding Venezuela	25.1 %	25.4 %

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Gross Profit to Currency-Neutral Comparable Gross Profit

Exhibit 9

	Quarter ended	
	April 2, 2016	April 4, 2015
Reported gross profit	\$ 1,245	\$ 1,245
Mark-to-market	(25)	(68)
Project K and cost reduction activities	(18)	(34)
Integration and acquisitions/divestitures	3	(6)
Venezuela remeasurement	(5)	—
Comparable gross profit	\$ 1,290	\$ 1,353
Comparable gross profit excluding Venezuela	\$ 1,285	\$ 1,332
Foreign currency impact	(231)	—
Currency-neutral comparable gross profit	\$ 1,521	\$ 1,353
Currency-neutral comparable gross profit excluding Venezuela	\$ 1,311	\$ 1,332

Kellogg Company and Subsidiaries

Reconciliation of Non-GAAP Amounts - Reported Gross Margin to Currency-Neutral Comparable Gross Margin

Exhibit 10

	Quarter ended	
	April 2, 2016	April 4, 2015
Reported gross margin	36.7 %	35.0 %
Mark-to-market	(0.7)%	(1.9)%
Project K and cost reduction activities	(0.5)%	(0.9)%
Integration costs and acquisitions/divestitures	(0.1)%	(0.2)%
Venezuela remeasurement	(0.2)%	— %
Comparable gross margin	38.2 %	38.0 %
<i>Comparable gross margin excluding Venezuela</i>	38.1 %	38.3 %
Foreign currency impact	(1.9)%	— %
Currency-neutral comparable gross margin	40.1 %	38.0 %
<i>Currency-neutral comparable gross margin excluding Venezuela</i>	38.1 %	38.3 %

Reconciliation of Kellogg-Defined Cash Flow to GAAP Cash Flow (a)

Exhibit 11

(millions)	Quarter ended	
	April 2, 2016	April 4, 2015
Operating activities		
Net Income	\$ 175	\$ 227
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	115	131
Postretirement benefit plan expense (benefit)	(28)	(21)
Deferred income taxes	—	(2)
Stock compensation	15	10
Venezuela remeasurement	6	—
Variable-interest entity impairment	—	25
Other	(33)	22
Postretirement benefit plan contributions	(17)	(12)
Changes in operating assets and liabilities, net of acquisitions	(228)	(220)
Net cash provided by (used in) operating activities	5	160
Less:		
Additions to properties	(144)	(148)
Cash flow (operating cash flow less property additions) (a)	\$ (139)	\$ 12

(a) Cash flow is defined as net cash provided by operating activities less capital expenditures. We use this non-GAAP financial measure to focus management and investors on the amount of cash available for debt repayment, dividend distributions, acquisition opportunities and share repurchase.

Exhibit 12 - Significant items impacting comparability (Page 1 of 3)

Significant items impacting comparability

Comparable and Currency-Neutral Comparable EPS

For all periods presented, Comparable and Currency-Neutral Comparable basic and diluted EPS are calculated using the same shares outstanding that are used for As Reported basic and diluted EPS.

Project K and cost reduction activities

During 2013, we announced Project K, a four-year efficiency and effectiveness program. The program is expected to generate a significant amount of savings that may be invested in key strategic areas of focus for the business. We expect that this investment will drive future growth in revenues, gross margin, operating profit, and cash flow. We recorded pre-tax charges related to this program of \$45 million and \$68 million for the quarters ended April 2, 2016 and April 4, 2015, respectively.

In 2015 we initiated the implementation of a zero-based budgeting (ZBB) program in our North America business. During 2016 ZBB is being expanded to include the international segments of the business. In support of the ZBB initiative, we incurred pre-tax charges of approximately \$7 million for the quarter ended April 2, 2016.

Acquisitions and dispositions

In September 2015, we completed the acquisition of Mass Foods, Egypt's leading cereal company for \$46 million, or \$44 million net of cash and cash equivalents acquired. In our European reportable segment, the acquisition added \$5 million in net sales and less than \$1 million of operating profit (before integration costs) that impacted the comparability of our reported results for the quarter ended April 2, 2016.

In January 2015, we completed the acquisition of a majority interest in Bisco Misr, the number one packaged biscuits company in Egypt for \$125 million, or \$117 million net of cash and cash equivalents acquired. The quarter ended April 2, 2016 represents the final reporting period in which year-over-year comparability is impacted for this acquisition. In our European reportable segment, the acquisition added \$9 million in net sales and less than \$1 million of operating profit (before integration costs) that impacted the comparability of our reported results for the quarter ended April 2, 2016.

Exhibit 12 - Significant items impacting comparability (Page 2 of 3)

Integration and transaction costs

We have incurred integration costs related to the integration of the 2015 acquisitions of Bisco Misr and Mass Foods, the 2015 entry into a joint venture with Tolaram Africa, and the 2012 acquisition of Pringles as we move these businesses into the Kellogg business model. We recorded pre-tax integration and transaction costs that were less than \$1 million for the quarter ended April 2, 2016 and \$8 million for the quarter ended April 4, 2015.

Mark-to-market accounting for pension plans, commodities and certain foreign currency contracts

We recognize mark-to-market adjustments for pension plans, commodity contracts, and certain foreign currency contracts as incurred. Actuarial gains/losses for pension plans are recognized in the year they occur. Changes between contract and market prices for commodities contracts and certain foreign currency contracts result in gains/losses that are recognized in the quarter they occur. We recorded pre-tax mark-to-market charges of \$24 million and \$67 million for the quarters ended April 2, 2016 and April 4, 2015, respectively.

Other costs impacting comparability

During the quarter ended April 2, 2016, we redeemed \$475 million of our 7.45% U.S. Dollar Debentures due 2031. In connection with the debt redemption, we incurred \$153 million of interest expense, consisting primarily of a premium on the tender offer and also including accelerated losses on pre-issuance interest rate hedges, acceleration of fees and debt discount on the redeemed debt and fees related to the tender offer.

During the quarter ended April 4, 2015, we determined that certain assets related to a variable interest entity may not be fully recoverable and recorded a non-cash \$25 million charge to other income (expense).

Exhibit 12 - Significant items impacting comparability (Page 3 of 3)

Venezuela remeasurement and long-lived asset impairment

During 2015 we experienced an increase in the amount of time it takes to exchange bolivars for U.S. dollars through the DIPRO (formerly CENCOEX) exchange. Due to this reduced availability of U.S. dollars and upon review of U.S. dollar cash needs in our Venezuela operations as of the quarter ended July 4, 2015, we concluded that we were no longer able to obtain sufficient U.S. dollars on a timely basis through the DIPRO exchange resulting in a decision to remeasure our Venezuela subsidiary's financial statements using the DICOM (formerly SIMADI) rate. We have evaluated all of the facts and circumstances surrounding our Venezuelan business and determined that as of April 2, 2016 the DICOM rate continues to be the appropriate rate to use for remeasuring our Venezuelan subsidiary's financial statements.

Following the change to the SIMADI rate as of July 4, 2015, certain non-monetary assets related to our Venezuelan subsidiary continued to be remeasured at historical exchange rates. As these assets were utilized by our Venezuelan subsidiary during the second half of 2015 and first quarter of 2016 they were recognized in the income statement at historical exchange rates resulting in an unfavorable impact. We experienced an unfavorable impact of approximately \$4 million in the quarter ended April 2, 2016 related to the utilization of these remaining non-monetary assets.

Additionally, with the introduction of the new DICOM floating rate we experienced an unfavorable COGS impact of approximately \$2 million in the quarter ended April 2, 2016 related to the utilization of non-monetary assets that were originally acquired after our conversion to the SIMADI rate at July 4, 2015. These non-monetary assets were recognized in the income statement at historical exchange rates during the quarter.

Foreign currency translation and the impact of Venezuela

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.

As a result of our decision to change the exchange rate that we use to remeasure our Venezuela subsidiary from DIPRO (formerly CENCOEX) to the DICOM (formerly SIMADI) exchange rate beginning mid-2015, the methodology we use to calculate the impact of foreign currency translation, as described above, results in certain key performance metrics that are difficult to interpret when Venezuela is included in the financial results. To provide additional visibility to our business performance, we have also included key performance metrics excluding our Venezuela business. We believe the use of our standard currency-neutral methodology in combination with the additional visibility provided by excluding Venezuela from our key performance metrics provides important information to more fully understand currency-neutral operating results.