

KELLOGG CO  
Form 11-K  
June 24, 2011

**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)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

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 Bakery, Confectionery, Tobacco Workers  
and Grain Millers 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**

# **Kellogg Company**

**Bakery, Confectionery, Tobacco**

**Workers and Grain Millers**

**Savings and Investment Plan**

**Financial Statements and**

**Supplemental Schedule**

**December 31, 2010 and 2009**

**Kellogg Company**

**Bakery, Confectionery, Tobacco Workers and Grain Millers**

**Savings and Investment Plan**

**Index**

	<b>Page(s)</b>
<b><u>Report of Independent Registered Public Accounting Firm</u></b>	1
<b>Financial Statements</b>	
<u>Statement of Net Assets Available for Benefits as of December 31, 2010 and 2009</u>	2
<u>Statement of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2010 and 2009</u>	3
<u>Notes to Financial Statements</u>	4-15
<b>Supplemental Schedule</b>	
<u>Schedule H, line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2010</u>	16

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.

**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrator of  
the Kellogg Company Bakery, Confectionery,  
Tobacco Workers and Grain Millers Savings  
and Investment Plan

In our opinion, the accompanying statement of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Kellogg Company Bakery, Confectionery, Tobacco Workers and Grain Millers Savings and Investment Plan (the Plan ) at December 31, 2010 and 2009, 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.

Detroit, Michigan

June 24, 2011

**Kellogg Company****Bakery, Confectionery, Tobacco Workers and Grain Millers****Savings and Investment Plan****Statement of Net Assets Available for Benefits**

as of December 31, 2010 and 2009

	2010	2009
<b>Assets</b>		
Plan's interest in Master Trust at fair value	\$ 482,586,641	\$ 479,868,474
<b>Receivables</b>		
Employer contribution	82,944	72,493
Employee contribution	201,404	171,062
Notes receivable from participants	6,402,367	6,149,669
<b>Total assets</b>	<b>489,273,356</b>	<b>486,261,698</b>
<b>Liabilities</b>		
Due to other Plan	-	1,049,369
Accrued investment services fees	76,890	72,614
<b>Total liabilities</b>	<b>76,890</b>	<b>1,121,983</b>
Net assets available for benefits at fair value	489,196,466	485,139,715
Adjustment from fair value to contract value for interest in Master Trust related to fully benefit-responsive investment contracts	(3,509,715)	2,384,934
<b>Net assets available for benefits</b>	<b>\$ 485,686,751</b>	<b>\$ 487,524,649</b>

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

**Kellogg Company****Bakery, Confectionery, Tobacco Workers and Grain Millers****Savings and Investment Plan****Statement of Changes in Net Assets Available for Benefits****for the Years Ended December 31, 2010 and 2009**

	2010	2009
<b>Contributions</b>		
Employer	\$ 4,911,175	\$ 5,282,734
Employee	12,318,494	13,311,114
Rollovers from other qualified plans	339,499	187,060
<b>Total contributions</b>	<b>17,569,168</b>	<b>18,780,908</b>
<b>Earnings on investments</b>		
Plan's interest in income of Master Trust	23,323,738	41,653,964
Interest income on notes receivable from participants	335,411	401,327
Redemption fees	(40,315)	(12,677)
<b>Total earnings on investments, net</b>	<b>23,618,834</b>	<b>42,042,614</b>
<b>Participant withdrawals</b>	<b>(42,964,127)</b>	<b>(42,004,367)</b>
Trustee fees	(61,773)	(62,807)
<b>Net increase (decrease)</b>	<b>(1,837,898)</b>	<b>18,756,348</b>
<b>Net assets available for benefits</b>		
Beginning of year	487,524,649	468,768,301
End of year	\$ 485,686,751	\$ 487,524,649

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

**Kellogg Company**

**Bakery, Confectionery, Tobacco Workers and Grain Millers**

**Savings and Investment Plan**

**Notes to Financial Statements**

**December 31, 2010 and 2009 and**

**for the Years Ended December 31, 2010 and 2009**

**1. Summary of Significant Accounting Policies**

**Basis of accounting**

The Kellogg Company Bakery, Confectionery, Tobacco Workers and Grain Millers 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 sponsor, Kellogg Company.

**Recent accounting pronouncements**

In September 2010, the Financial Accounting Standards Board (FASB) issued a new accounting standard related to the reporting of loans to participants by defined contribution plans. This standard applies to any defined contribution pension plan that allows participant loans. The amendment requires that participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. Because loans to participants are no longer measured at fair value, fair value measurements and disclosures are not applicable. This amendment will be applied retroactively. The adoption of this standard is not expected to have a material impact on the financial statements.

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. The update is effective for annual periods beginning after December 15, 2011. Plan management is in the process of evaluating the impact of the adoption of this update 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**

During the plan years 2010 and 2009, the Plan entered 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.





**Kellogg Company**

**Bakery, Confectionery, Tobacco Workers and Grain Millers**

**Savings and Investment Plan**

**Notes to Financial Statements**

**December 31, 2010 and 2009 and**

**for the Years Ended December 31, 2010 and 2009**

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.

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.

	2010	2009
<b>Average Yields</b>		
Based on actual earnings	2.25%	3.53%
Based on interest rate credited to participants	2.43%	2.92%

**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.

**Kellogg Company**

**Bakery, Confectionery, Tobacco Workers and Grain Millers**

**Savings and Investment Plan**

**Notes to Financial Statements**

**December 31, 2010 and 2009 and**

**for the Years Ended December 31, 2010 and 2009**

**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.

**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.

**Kellogg Company**

**Bakery, Confectionery, Tobacco Workers and Grain Millers**

**Savings and Investment Plan**

**Notes to Financial Statements**

**December 31, 2010 and 2009 and**

**for the Years Ended December 31, 2010 and 2009**

**Plan administration**

The Plan is administered by trustees appointed by Kellogg Company and employees represented by the Bakery, Confectionery, Tobacco Workers and Grain Millers Union, the ERISA Finance Committee and the ERISA Administrative Committee appointed by Kellogg Company.

**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 the Company hourly employees belonging to the Bakery, Confectionery, Tobacco Workers and Grain Millers Union Local Nos. 3-G, 50-G, 252-G, 374-G and 401-G 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 \$16,500 in 2010 and 2009. Employee contributions 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 the Kellogg Company Stock Fund. Employees may contribute to the Plan from their date of hire; however, the monthly contributions are not matched by the Company until the participant has completed one year of service.

Employer matching contributions held in the Kellogg Company Stock Fund 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 one 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 trust expenses. Allocations are based on participant earnings or account balances, as defined.

**Vesting**

Participant account balances are fully vested.

**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 1 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.



**Kellogg Company**

**Bakery, Confectionery, Tobacco Workers and Grain Millers**

**Savings and Investment Plan**

**Notes to Financial Statements**

**December 31, 2010 and 2009 and**

**for the Years Ended December 31, 2010 and 2009**

**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 until age 65 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. Participants are eligible to retire from the Company at age 62, with 5 years of service, upon reaching age 55 with 20 years of service, or after 30 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, 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.

**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, 2010, there are no uncertain 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 2007.

**Kellogg Company****Bakery, Confectionery, Tobacco Workers and Grain Millers****Savings and Investment Plan****Notes to Financial Statements****December 31, 2010 and 2009 and****for the Years Ended December 31, 2010 and 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, 2010 and 2009 to Form 5500.

	2010	2009
Net assets available for benefits per the financial statements	\$ 485,686,751	\$ 487,524,649
Less: Adjustment from fair value to contract value for interest in Master Trust related to fully benefit-responsive investment contracts (Note 1)	3,509,715	(2,384,934)
Net assets available for benefits per the Form 5500	\$ 489,196,466	\$ 485,139,715

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, 2010 to Form 5500.

	2010
Plan's interest in income of Master Trust per the financial statements	\$ 23,323,738
Less:	
Redemption fees	(40,315)
Trustee fees	(61,773)
Change in adjustment from fair value to contract value for interest in Master Trust related to fully benefit-responsive investment contracts (Note 1)	5,894,649
Net investment gain from Master Trust investment accounts per the Form 5500	\$ 29,116,299

**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



## Edgar Filing: KELLOGG CO - Form 11-K

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;

**Kellogg Company**

**Bakery, Confectionery, Tobacco Workers and Grain Millers**

**Savings and Investment Plan**

**Notes to Financial Statements**

**December 31, 2010 and 2009 and**

**for the Years Ended December 31, 2010 and 2009**

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.

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, 2010 and 2009.

*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.

## Edgar Filing: KELLOGG CO - Form 11-K

*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 US treasuries, Level 1; corporate debt, government agency debt, collective trusts and investment funds and mortgage-backed securities, Level 2; and wrapper contracts, Level 3. Collective trust and investment funds are valued at the NAV based on information

**Kellogg Company****Bakery, Confectionery, Tobacco Workers and Grain Millers****Savings and Investment Plan****Notes to Financial Statements****December 31, 2010 and 2009 and****for the Years Ended December 31, 2010 and 2009**

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.

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, 2010, 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, 2010 and 2009.

	Assets at Fair Value as of December 31, 2010			Total
	Level 1	Level 2	Level 3	
Money market funds	\$	\$ 12,730,968	\$	\$ 12,730,968
Mutual funds:				
Domestic equity	310,643,956			310,643,956
International equity	138,532,565			138,532,565
Domestic debt	146,051,505			146,051,505
Commingled funds - domestic equity index		200,791,836		200,791,836
Common stock - Kellogg Company	117,472,813			117,472,813
Synthetic guaranteed investment contracts:				
Cash and cash equivalents	5,021,536	16,511,979		21,533,515
Collective trusts and investment fund		465,972,193		465,972,193
Domestic corporate debt		37,701,717		37,701,717
International corporate debt		12,457,144		12,457,144
Domestic government securities	55,091,681	11,586,634		66,678,315
International government securities		5,011,993		5,011,993
Mortgage backed securities		16,230,796		16,230,796
Other		7,345,585	706,320	8,051,905
Guaranteed investment contracts			24,853,295	24,853,295

Edgar Filing: KELLOGG CO - Form 11-K

\$ 772,814,056      \$ 786,340,845      \$ 25,559,615      \$ 1,584,714,516

**Kellogg Company****Bakery, Confectionery, Tobacco Workers and Grain Millers****Savings and Investment Plan****Notes to Financial Statements****December 31, 2010 and 2009 and****for the Years Ended December 31, 2010 and 2009**

	Level 1	Level 2	Level 3	Total
Money market funds	\$	\$ 9,654,378	\$	\$ 9,654,378
Mutual Funds:				
Domestic equity	253,438,422			253,438,422
International equity	115,535,513			115,535,513
Domestic debt	119,881,279			119,881,279
Commingled funds - domestic equity index		158,699,122		158,699,122
Common stock - Kellogg Company	140,762,625			140,762,625
Synthetic guaranteed investment contracts:				
Cash and cash equivalents	2,033,189	21,098,364		23,131,553
Collective trusts		435,224,572		435,224,572
Domestic corporate debt	468,916	64,236,863		64,705,779
International corporate debt		22,747,408		22,747,408
Domestic government securities	50,002,040	23,187,110		73,189,150
International government securities		403,000		403,000
Mortgage backed securities		27,212,315		27,212,315
Other		2,750,893	1,717,219	4,468,112
Guaranteed investment contracts			23,779,941	23,779,941
	\$ 682,121,984	\$ 765,214,025	\$ 25,497,160	\$ 1,472,833,169

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, 2010. 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.

**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, 2010 and 2009.

	Level 3 Assets Year Ended December 31, 2010 Guaranteed Investment Contracts
Balance, beginning of year	\$ 25,497,160
Purchases, sales, issuances and settlements, net	(115,600)
Unrealized gain	178,055

Edgar Filing: KELLOGG CO - Form 11-K

Balance, end of year	\$	25,559,615
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	\$	178,055

**Kellogg Company****Bakery, Confectionery, Tobacco Workers and Grain Millers****Savings and Investment Plan****Notes to Financial Statements****December 31, 2010 and 2009 and****for the Years Ended December 31, 2010 and 2009**

	<b>Level 3 Assets</b>
	<b>Year Ended December 31, 2009</b>
	<b>Guaranteed</b>
	<b>Investment Contracts</b>
Balance, beginning of year	\$ 25,125,189
Purchases, sales, issuances and settlements, net	(1,678,461)
Unrealized gain	2,050,432
Balance, end of year	\$ 25,497,160
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	\$ 2,050,432

Gains and losses, realized and unrealized, included in changes in net assets for the periods above are reported in net appreciation (depreciation) in fair value of investments in the schedule of changes in net assets of Master Trust investment accounts (Note 7), and in Plan's interest in income (loss) of Master Trust in the statement of changes in net assets available for benefits.

**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****Bakery, Confectionery, Tobacco Workers and Grain Millers****Savings and Investment Plan****Notes to Financial Statements****December 31, 2010 and 2009 and****for the Years Ended December 31, 2010 and 2009**

Kellogg Company Master Trust net assets at December 31, 2010 and 2009 and the changes in net assets for the years ended December 31, 2010 and December 31, 2009 are as follows:

**Kellogg Company Master Trust  
Schedule of Net Assets of Master Trust Investment Accounts**

	<b>2010</b>	<b>2009</b>
Money Market Funds	\$ 12,730,968	\$ 9,654,378
Receivables	1,086,921	1,953,676
General Investments at fair value		
Common Stock - Kellogg Company	117,472,813	140,762,625
Commingled Funds	200,791,836	158,699,122
Mutual Funds	595,228,026	488,855,214
Guaranteed Investment Contracts	658,490,873	674,861,830
Total general investments	1,571,983,548	1,463,178,791
Total assets	1,585,801,437	1,474,786,845
Payables	(2,294,619)	(2,301,694)
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(7,905,459)	7,315,749
Net Assets	\$ 1,575,601,359	\$ 1,479,800,900
Percentage interest held by the Plan	30.4%	32.6%

**Kellogg Company****Bakery, Confectionery, Tobacco Workers and Grain Millers****Savings and Investment Plan****Notes to Financial Statements****December 31, 2010 and 2009 and****for the Years Ended December 31, 2010 and 2009**

**Kellogg Company Master Trust  
Schedule of Changes in Net Assets of Master Trust Investment Accounts**

	2010	2009
Earnings on investments		
Interest	\$ 17,383,963	\$ 19,296,196
Dividends	20,448,723	15,159,751
Net realized gain (loss)		
Common Stock - Kellogg Company	3,521,648	(886,888)
Commingled Funds	1,964,435	(2,642,013)
Mutual Funds	(4,531,796)	(29,970,853)
Net realized gain (loss)	954,287	(33,499,754)
Total additions	38,786,973	956,193
Net transfer of assets in (out) of investment account	(17,763,969)	1,618,172
Fees and commissions	(1,177,790)	(1,235,442)
Total additions/(distributions)	(18,941,759)	382,730
Change in unrealized appreciation (depreciation):		
Common Stock - Kellogg Company	(9,117,099)	26,398,523
Commingled Funds	22,865,306	36,290,024
Mutual Funds	62,207,038	124,940,405
Changes in unrealized appreciation	75,955,245	187,628,952
Net change in assets	95,800,459	188,967,875
Net assets		
Beginning of year	1,479,800,900	1,290,833,025
End of year	\$ 1,575,601,359	\$ 1,479,800,900

**Kellogg Company**

**Bakery, Confectionery, Tobacco Workers and Grain Millers**

**Savings and Investment Plan**

**Schedule H, line 4i - Schedule of Assets (Head at End of Year)**

**as of December 31, 2011**

(a)	(b)	(c)	(e)
Identity of Issue, Borrower, Lessor or Similar Party		Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value
	Plan's interest in Master Trust at fair value		\$ 482,586,641
* Participants		Loans, interest ranging from 4.00% to 10.00%, with due dates at various times through November 8, 2022.	\$ 6,402,367
* Parties-in-interest			

**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 BAKERY, CONFECTIONERY,  
TOBACCO WORKERS AND GRAIN MILLERS SAVINGS AND**

**INVESTMENT PLAN**

Date: June 24, 2011

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

**EXHIBIT INDEX**

**Exhibit**

<b>Number</b>	<b>Document</b>
23.1	Consent of Independent Registered Public Accounting Firm