



Kellogg Company News

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KELLOGG COMPANY TO EXPAND W.K. KELLOGG INSTITUTE FOR FOOD AND NUTRITION RESEARCH

BATTLE CREEK, Mich. – Kellogg Company (NYSE: K) today announced that it is expanding its W.K. Kellogg Institute for Food and Nutrition Research (WKKI) located in Battle Creek, Mich., to continue to meet business needs and to achieve continued growth. The 157,000-square-foot pilot plant and office space addition will expand Kellogg Company’s existing global center for research and innovation activities. The \$40 million expansion and \$14 million investment in pilot plant equipment (over the next 10 years) falls within Kellogg Company’s previously reported capital expenditure guidance.

Since the WKKI facility opened in 1997, Kellogg Company’s net sales have doubled from \$6 billion to almost \$12 billion, and net sales from innovation have also almost doubled. In addition, numerous process capabilities have been added to WKKI as the company extended its business into new categories, and the number of employees in the facility almost doubled to support these new technologies and the company’s growth.

The WKKI expansion will enable Kellogg to continue to fuel top-line growth through additional pilot plant space, enhanced process scalability and additional space for a flexible team environment and total technical community. The addition will also ensure WKKI continues to be a “best in class” facility, allowing the company to continue to successfully retain and recruit world-class research and development talent.

“Innovation is a core component of Kellogg’s business strategy and we have a proven track record of delivering results from our innovations,” said David Mackay, president and CEO, Kellogg Company. “In 2006, 17 percent of net sales or almost \$1.9 billion dollars were delivered through innovations launched in the last three years. The expansion of the WKKI facility ensures we can continue to drive strong innovation and supports our goal of delivering sustainable growth for our shareholders.”

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The expansion project will be made possible in part by the expected approval of local and state incentives including a proposed 10-year Agricultural Processing Renaissance Zone (APRZ). APRZs were created in 2000 by the state of Michigan for qualified agriculture processors that want to expand or begin processing operations in Michigan. The final approval of the project is dependent on the approval of the proposed 10-year APRZ from the Battle Creek City Commission, Calhoun County and the state of Michigan, as well as the completion of necessary approvals from the Department of Environmental Quality.

“Our economic plan includes a commitment to go anywhere, do anything to help companies locate and expand in Michigan. Everyone knows that the Kellogg brand is synonymous with Michigan, and we want to do everything we can to help them continue as the world’s leading producer of cereal and a leading producer of convenience foods,” said Governor Jennifer M. Granholm. “This expansion helps ensure the company’s continued growth in Michigan and sends a message to the world that Michigan is a great place to do business in the 21st century.”

“When Kellogg contacted my office about the good news, I couldn't have been happier,” said Mayor Mark Behnke. “This proves once again that Kellogg’s commitment to downtown Battle Creek is rock solid. I look forward to working with the Kellogg team.”

“We’d like to thank Governor Jennifer Granholm and the state of Michigan, Michigan State Senator Mark Schauer, the Michigan Department of Agriculture, the Michigan Economic Development Corporation, Mayor Behnke and the city of Battle Creek, the Kellogg Foundation and Battle Creek Unlimited for working in close partnership with Kellogg and supporting this important project,” said Margaret Bath, vice president, Research, Quality and Technology, Kellogg Company.

The expanded WKKI facility will include food and packaging review rooms, chemistry labs, test kitchens, development labs and a large, flexible production pilot plant where new ideas for food products are tested prior to full-scale production at the company’s manufacturing facilities. New product innovations created at WKKI are eventually produced and marketed all over the world in the company’s North America, Latin America, Europe and Asia Pacific regions.

The current WKKI facility includes a 160,000-square-foot pilot plant and 80,000 square feet of office space. The expansion project will add 87,000 square feet to the pilot plant and will almost double the office space – adding 70,000 square feet. Upon completion of the expansion, the WKKI facility will be almost 400,000 square feet in total.

Assuming approval of the APRZ and approvals by the Michigan Department of Environmental Quality, construction will begin in the second quarter of 2008. The expansion is expected to be operational in the third quarter of 2009.

With 2006 sales of almost \$11 billion, Kellogg Company is the world's leading producer of cereal and a leading producer of convenience foods, including cookies, crackers, toaster pastries, cereal bars, fruit snacks, frozen waffles, and veggie foods. The company's brands include *Kellogg's*, *Keebler*, *Pop-Tarts*, *Eggo*, *Cheez-It*, *Nutri-Grain*, *Special K*, *Rice Krispies*, *Murray*, *Austin*, *Morningstar Farms*, *Famous Amos*, *Carr's*, *Plantation*, *Ready Crust* and *Kashi*. Kellogg products are manufactured in 17 countries and marketed in more than 180 countries around the world. For more information, visit the company's website at www.kelloggcompany.com

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